

2009

Missouri

Real Estate Malpractice Insurance Report

**Statistics Section
July 2010**



DIFP

Jeremiah W. (Jay) Nixon
Governor

Department of Insurance,
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Professional Registration

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**MISSOURI
REAL ESTATE
MALPRACTICE
INSURANCE
REPORT
2009**

**Department of Insurance, Financial Institutions &
Professional Registration
Statistics Section
July 2010**

Other Publications

Available from the Missouri Department of Insurance, Financial Institutions & Professional Registration

The Department of Insurance, Financial Institutions & Professional Registration publishes the following reports. These reports are available by sending a written request along with \$35 to:

Department of Insurance, Financial Institutions & Professional Registration
P.O. Box 690
Jefferson City, MO 65102-0690

1. ***Missouri Complaint Index Report***
summary information: <http://www.insurance.mo.gov/reports/complaint/index.htm>
2. ***Missouri Department of Insurance Annual Report***
summary information: http://www.insurance.mo.gov/aboutMDI/annual_report.htm
3. ***Missouri Legal Malpractice (Closed Claim) Report***
summary information: <http://www.insurance.mo.gov/reports/legmal/index.htm>
4. ***Missouri Life, Accident & Health Supplement Data***
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
5. ***Missouri Market Share Report***
summary information: <http://www.insurance.mo.gov/reports/mktshr.htm>
6. ***Missouri Medical Malpractice (Closed Claim) Report***
summary information: <http://www.insurance.mo.gov/reports/medmal/index.htm>
7. ***Missouri Product Liability (Closed Claim) Report***
summary information: <http://www.insurance.mo.gov/reports/prodliab/index.htm>
8. ***Missouri Property & Casualty Supplement Report***
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
9. ***Mortgage Guaranty Report***
summary information: <http://www.insurance.mo.gov/reports/mortguar/index.htm>
10. ***Private Passenger Automobile Report***
summary information: <http://www.insurance.mo.gov/reports/ppauto.pdf>
11. ***Missouri Health Maintenance Organization Report***
summary information: <http://www.insurance.mo.gov/reports/hmo/index.htm>

Databases: For more information: <http://www.insurance.mo.gov/reports/index.htm#aggdata>

1. Medicare Supplement Experience Data
2. Commercial Liability Experience Data
3. Missouri **Zip Code Insurance Data** for:
 - Homeowners/Dwelling Fire,
 - Farmowners (dwelling only),
 - Mobile Home,
 - Earthquake, and
 - Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the **Statistics Section at (573) 751-4126**.

Real Estate Malpractice Insurance Report

Executive Summary

This report summarizes Missouri real estate malpractice data for 2000 to 2009. The charts, graphs and tables are limited to closed claim information and were constructed from data collected by the department as required by Section 383.060 RSMo. The premium and loss data are presented in the final section. The data were obtained from the Missouri Page 19 Supplement to the companies' annual statements.

In 2009, real estate malpractice insurers incurred claim losses equal to 6.5 percent of premium, and paid defense costs equal to 37 percent of premium. Together, losses plus defense costs totaled 43.5 percent of earned premium. This figure totaled 96.5 percent over the past five years, and 44.7 percent over the prior ten years.

In 2009, 87 claims against realtors were closed, of which 38 were closed with payment. Claim payments averaged \$11,816, while defense costs averaged \$15,849. Over the last ten years, insurers paid claims totaling \$1.8 million, and defense costs equal to \$1.7 million. During the same period, 737 real estate malpractice claims were closed in Missouri — of these 25.1 percent resulted in a payment. The number of claims closed in 2009 (87 claims) was significantly lower than ten-year high in 2005 (124 claims).

In Section II, indemnity amounts are categorized by claim characteristics, including:

- Area of real estate in which the claims were filed.
- Major activity in which the agent was engaged when the alleged error or omission occurred.
- Alleged error or omission that was the most significant reason for the claim.

- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

Seven companies reported writing real estate malpractice insurance business in Missouri during 2009 with Continental Casualty Company commanding 62.8 percent of the market.

This report was compiled using information submitted by the insurance companies. As a result, the accuracy of this report is dependent upon the accuracy of each company's data. Copies of this report will be made available in braille, large print or on audio cassette upon request. Questions regarding this report should be directed to the Statistics Section, Department of Insurance, Financial Institutions & Professional Registration, P.O. Box 690, Jefferson City, Missouri 65102-0690.

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**TEN YEAR
SUMMARY
(2000-2009)**

REAL ESTATE MALPRACTICE INSURANCE

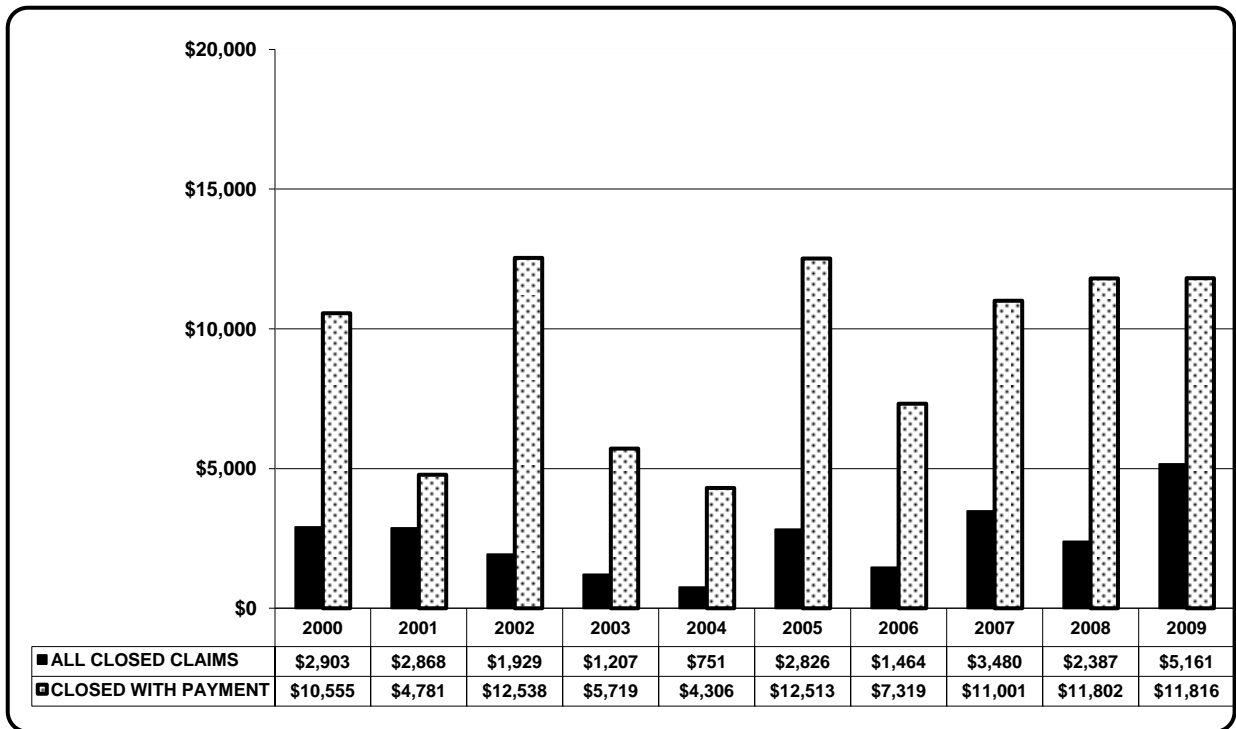
TEN YEAR SUMMARY

2000-2009

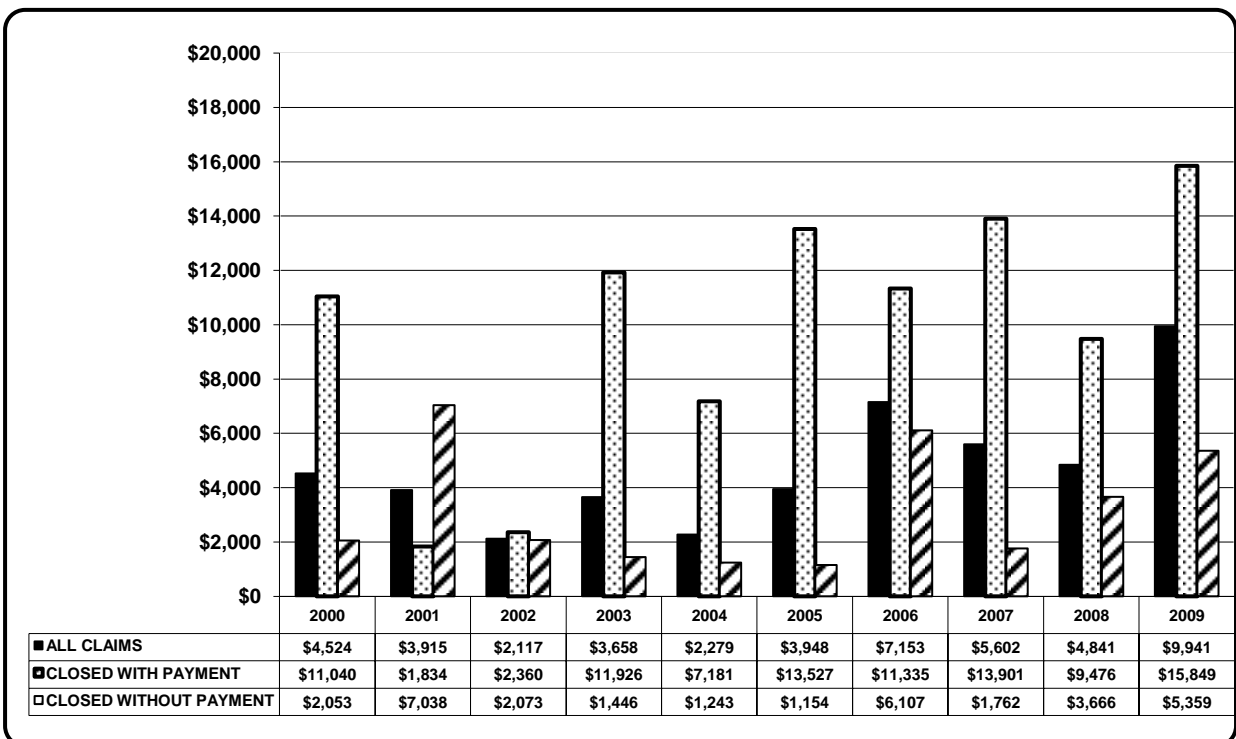
CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	737	100.0%	\$1,842,483	\$2,500	\$3,641,201	\$4,941
Closed with Payment	185	25.1%	\$1,842,483	\$9,959	\$2,241,633	\$12,117
Closed without Payment	552	74.9%	\$0	\$0	\$1,399,568	\$2,535

MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Average Paid Claim

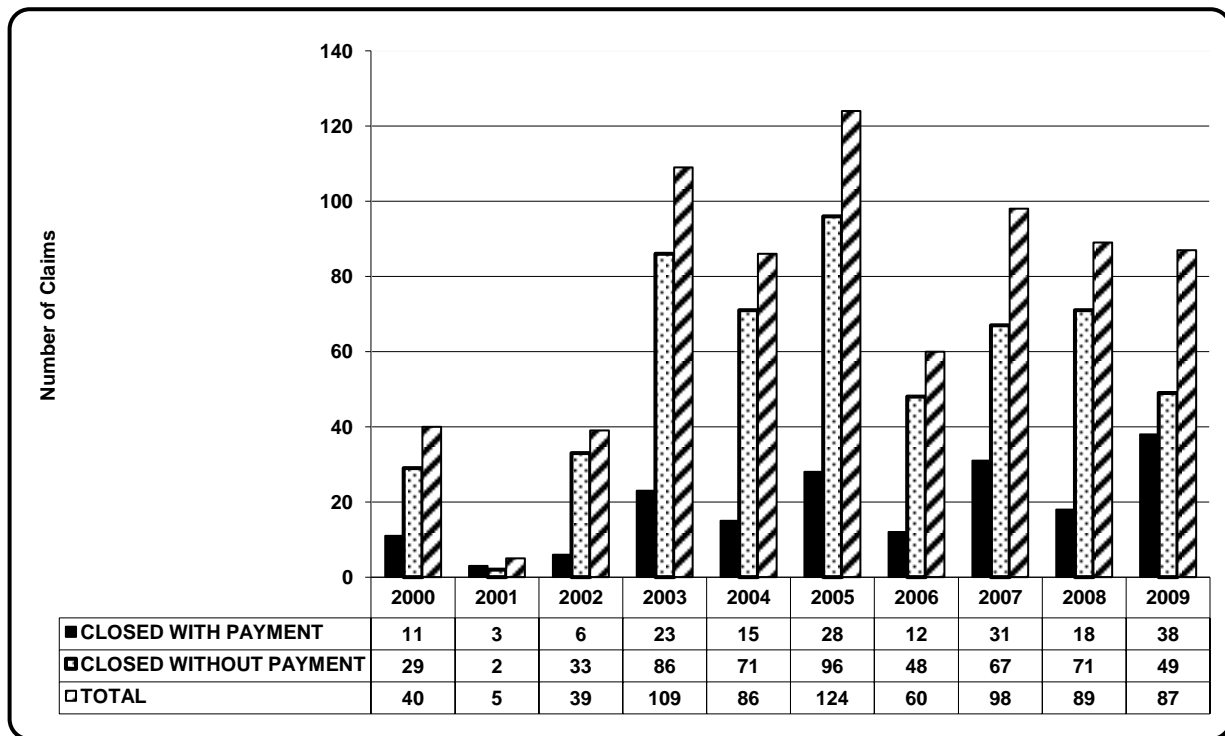


Average Paid Loss Adjustment Expense



MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Claim Count



**TEN YEAR SUMMARY
&
2009 SUMMARY
BY
AREA OF REAL ESTATE**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 2000-2009

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	573	144	77.84%	\$10,086	\$1,452,359	78.83%	\$4,774
AS AGENT TO PROCURE PROPERTY TO PURCHASE	164	41	22.16%	\$9,515	\$390,124	21.17%	\$5,522
TOTAL	737	185	100.00%	\$9,959	\$1,842,483	100.00%	\$4,941

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

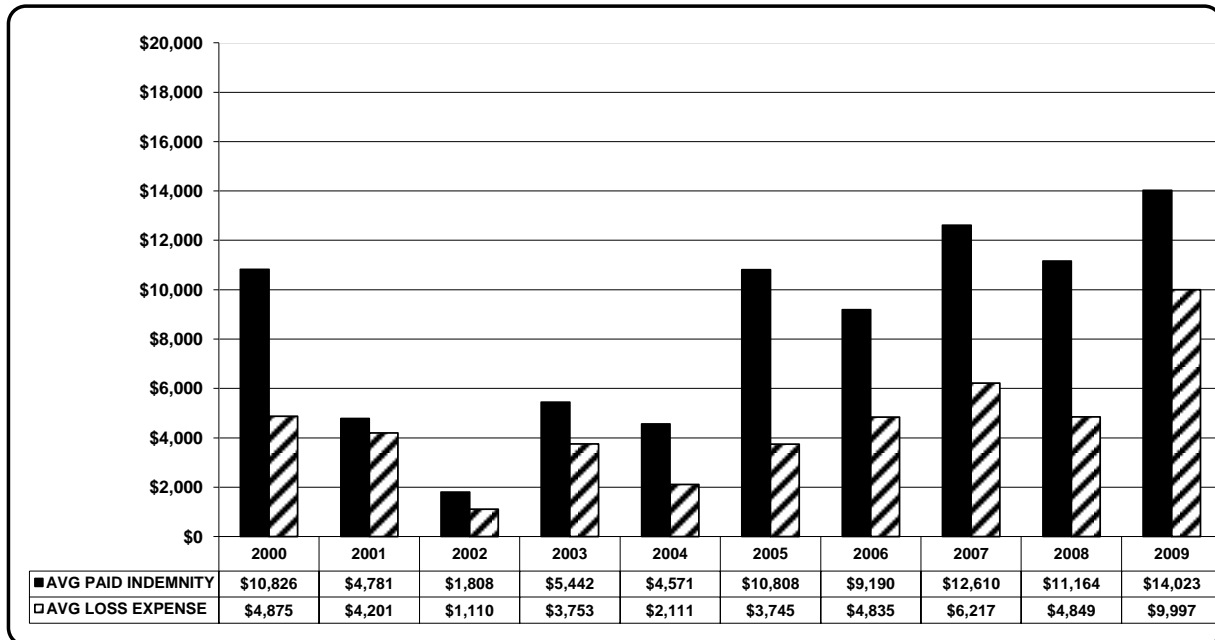
CLAIMS CLOSED IN 2009

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	67	28	73.68%	\$14,023	\$392,651	87.45%	\$9,997
AS AGENT TO PROCURE PROPERTY TO PURCHASE	20	10	26.32%	\$5,635	\$56,350	12.55%	\$9,753
TOTAL	87	38	100.00%	\$11,816	\$449,001	100.00%	\$9,941

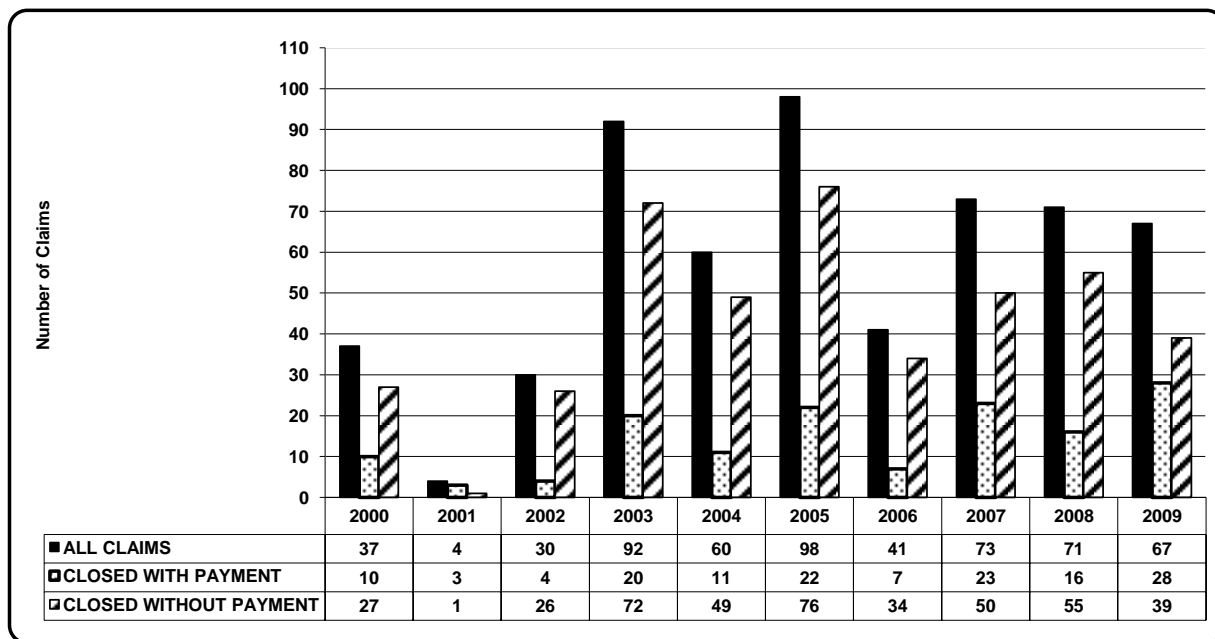
**AREA OF REAL ESTATE
TRENDS
OF
2009**

AS AGENT TO PROCURE PURCHASE OF PROPERTY (Seller)

Average Paid Indemnity & Average Loss Expense

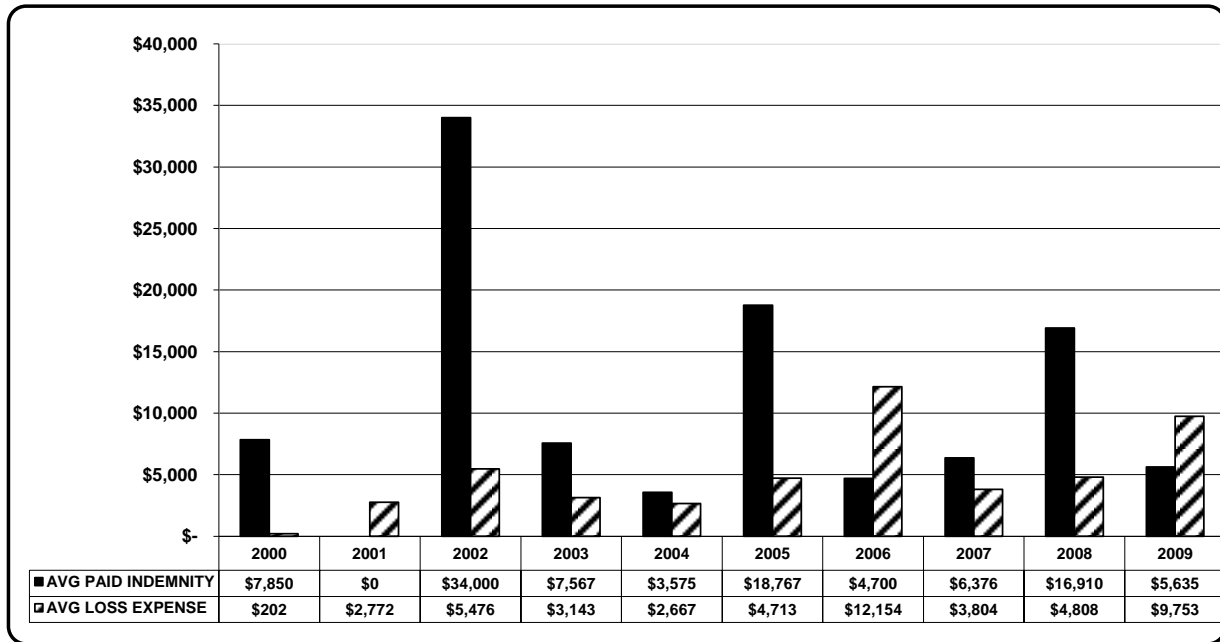


Claim Count

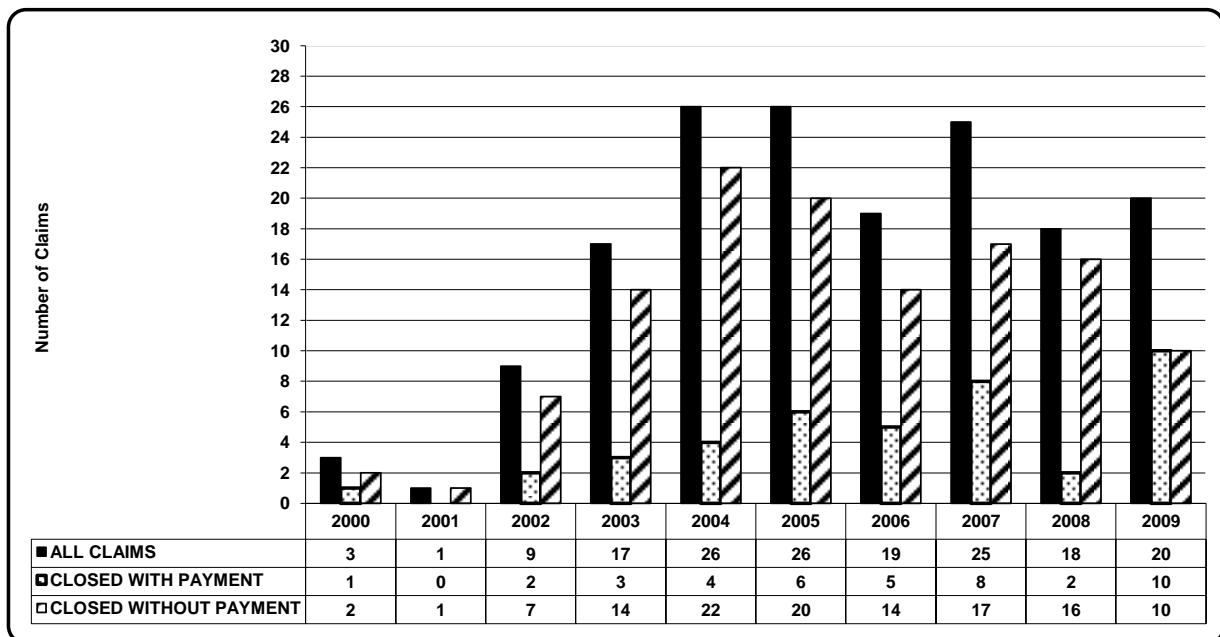


AS AGENT TO PROCURE PROPERTY TO PURCHASE (Buyer)

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2009 SUMMARY
BY
MAJOR ACTIVITY**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 2000-2009

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	465	112	60.54%	\$9,884	\$1,107,047	60.08%	\$4,750
SHOWING PROPERTY	180	42	22.70%	\$9,254	\$388,672	21.10%	\$4,927
CLOSING AND TRANSFERRING TITLE	92	31	16.76%	\$11,186	\$346,764	18.82%	\$5,931
TOTAL	737	185	100.00%	\$9,959	\$1,842,483	100.00%	\$4,941

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

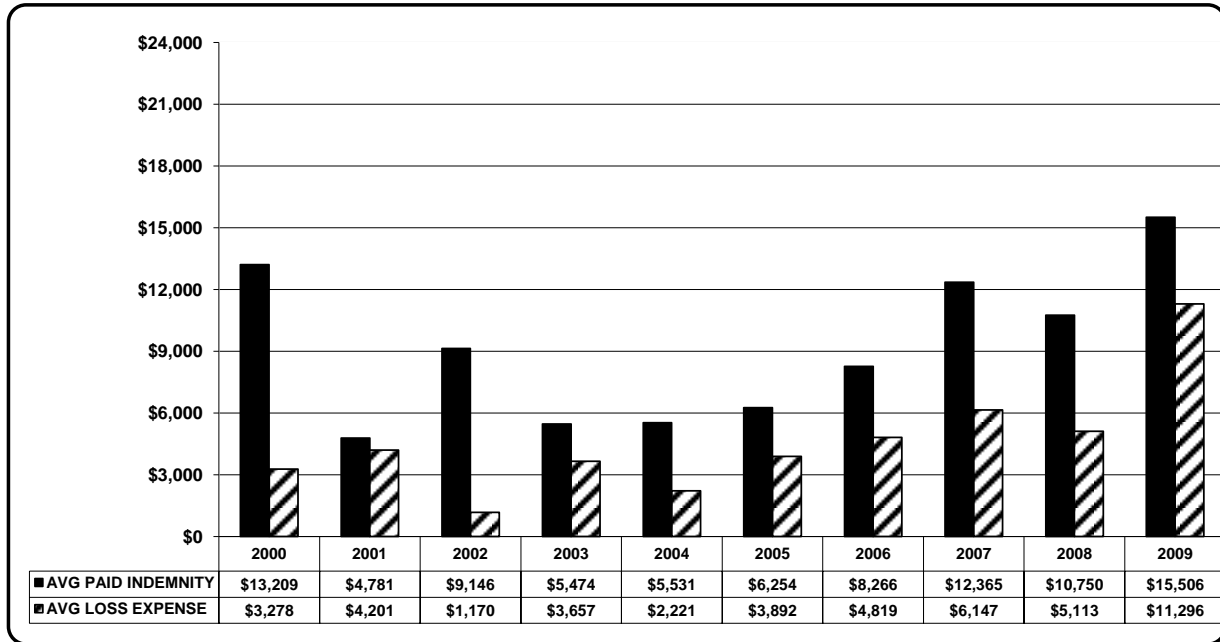
CLAIMS CLOSED IN 2009

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	51	21	55.26%	\$15,506	\$325,626	72.52%	\$11,296
CLOSING AND TRANSFERRING TITLE	21	8	21.05%	\$7,222	\$57,775	12.87%	\$7,972
SHOWING PROPERTY	15	9	23.68%	\$7,289	\$65,600	14.61%	\$8,089
TOTAL	87	38	100.00%	\$11,816	\$449,001	100.00%	\$9,941

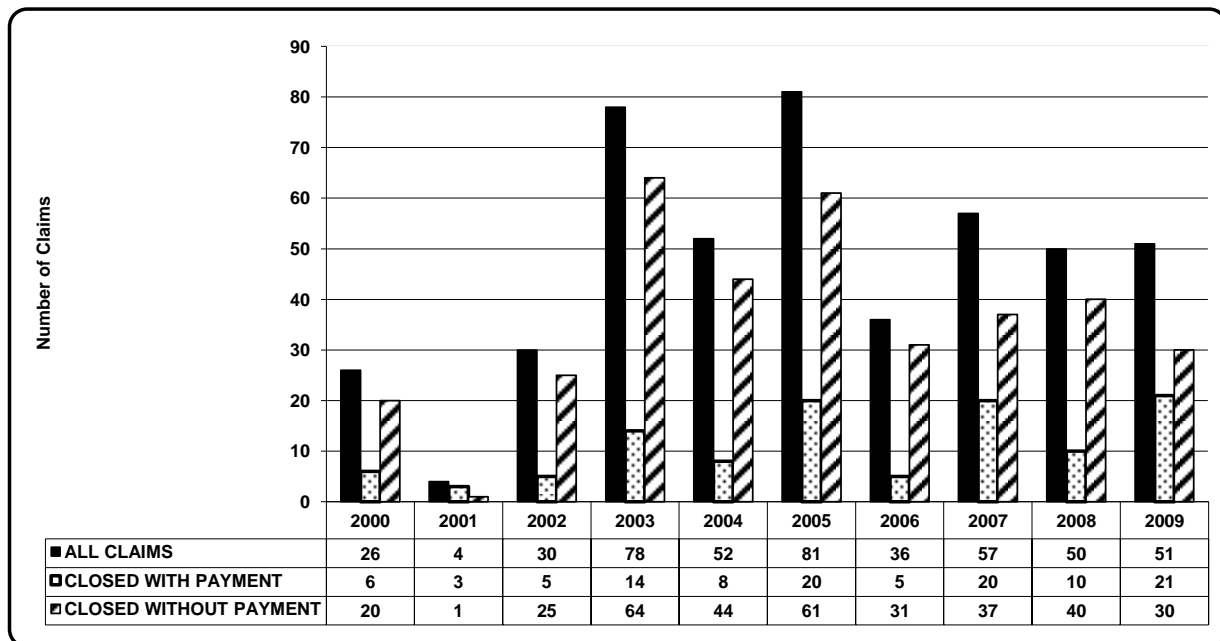
**MAJOR ACTIVITY
TRENDS
OF
2009**

LISTING THE PROPERTY FOR SALE

Average Paid Indemnity & Average Loss Expense

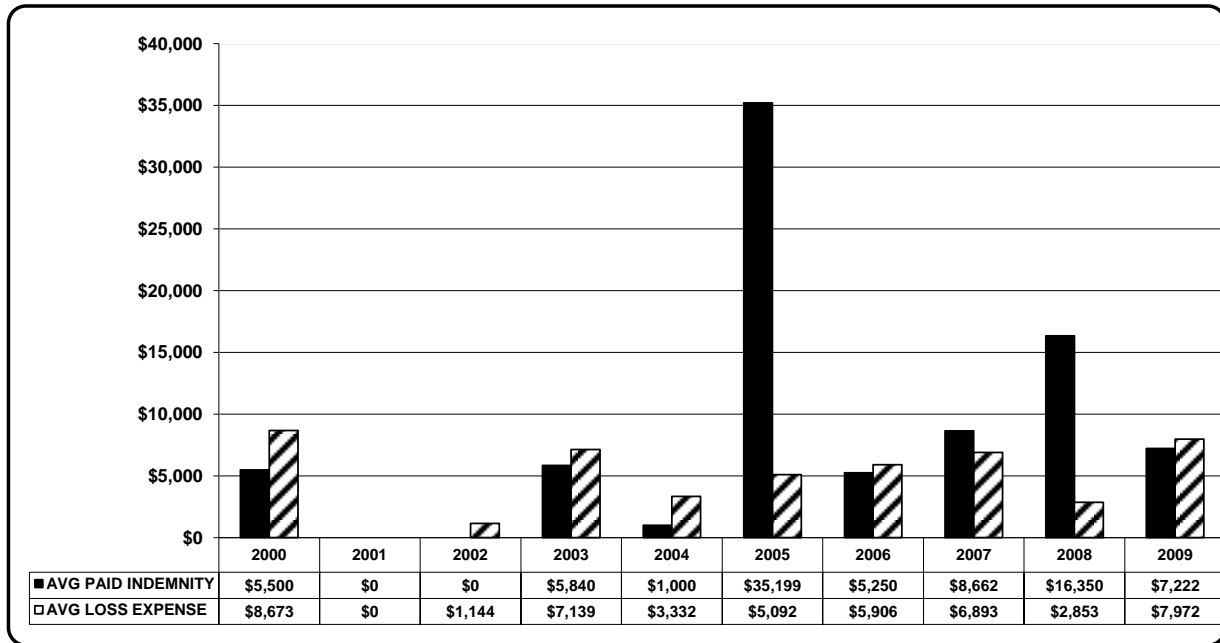


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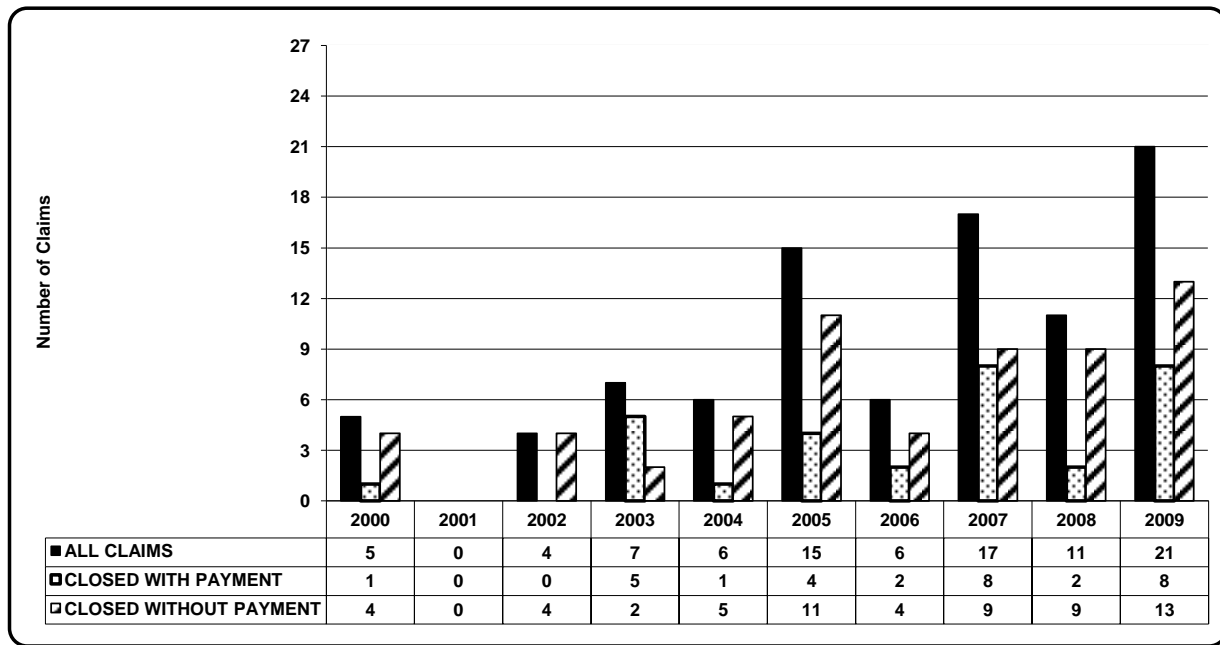


CLOSING AND TRANSFERRING TITLE

Average Paid Indemnity & Average Loss Expense

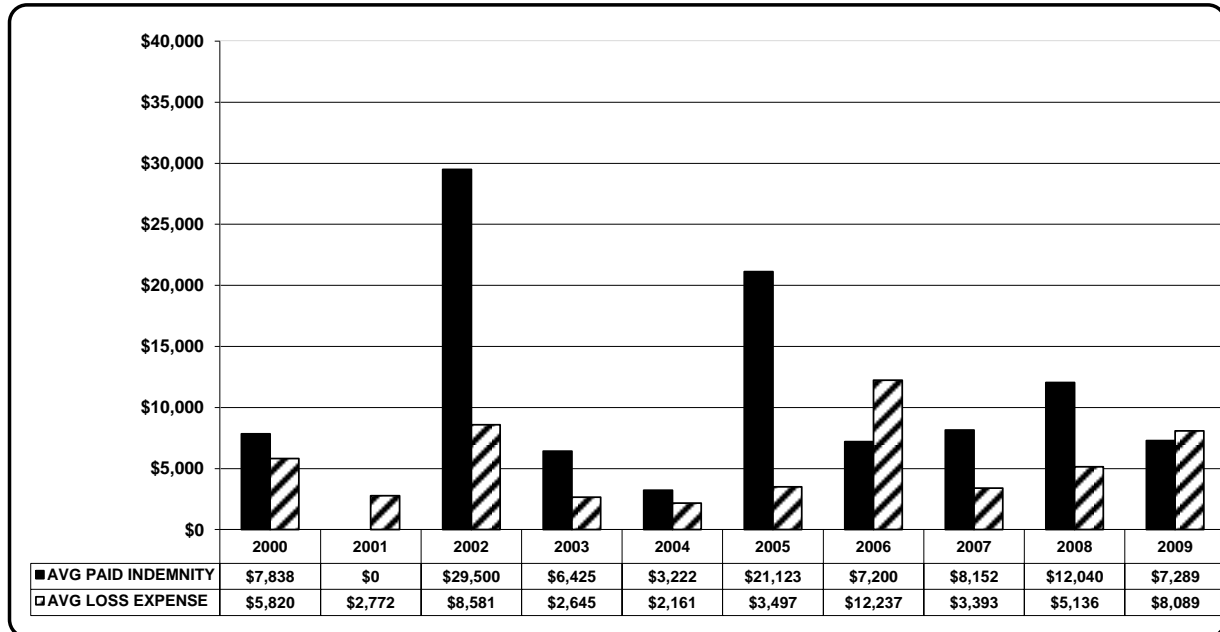


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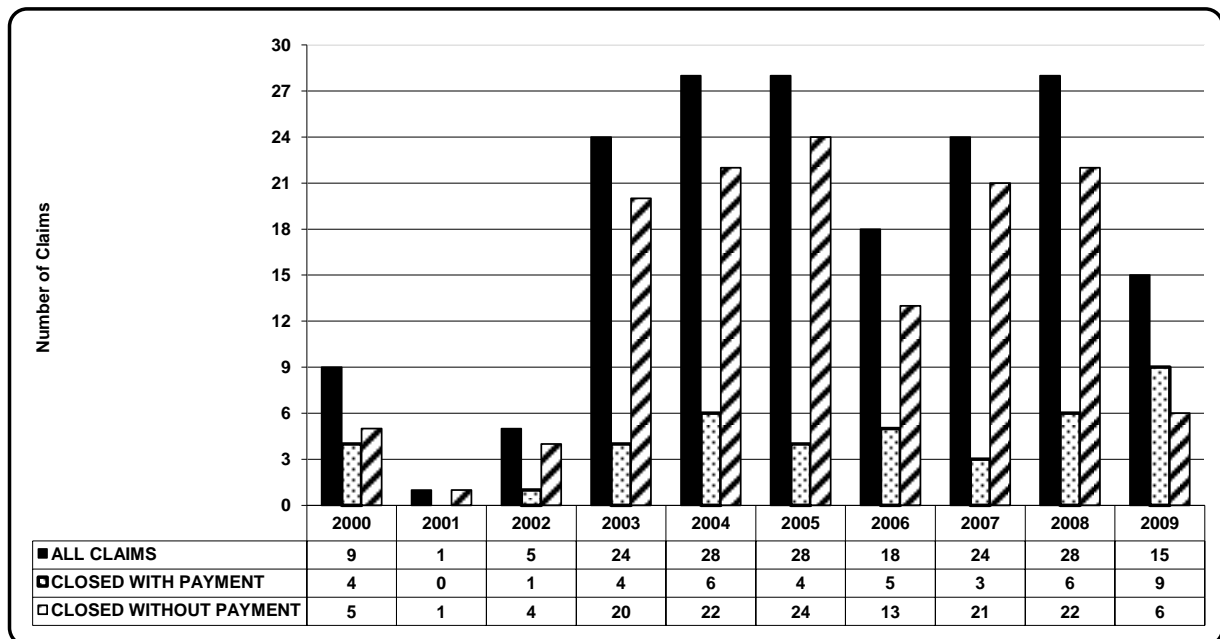


SHOWING PROPERTY

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2009 SUMMARY
BY
ALLEGED ERROR OR OMISSION**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 2000-2009

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT	491	139	75.14%	\$9,267	\$1,288,113	69.91%	\$5,500
OTHER	191	33	17.84%	\$13,460	\$444,170	24.11%	\$3,511
FAILURE TO CORRECTLY COMPLETE FORMS	55	13	7.03%	\$8,477	\$110,200	5.98%	\$4,912
TOTAL	737	185	100.00%	\$9,959	\$1,842,483	100.00%	\$4,941

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

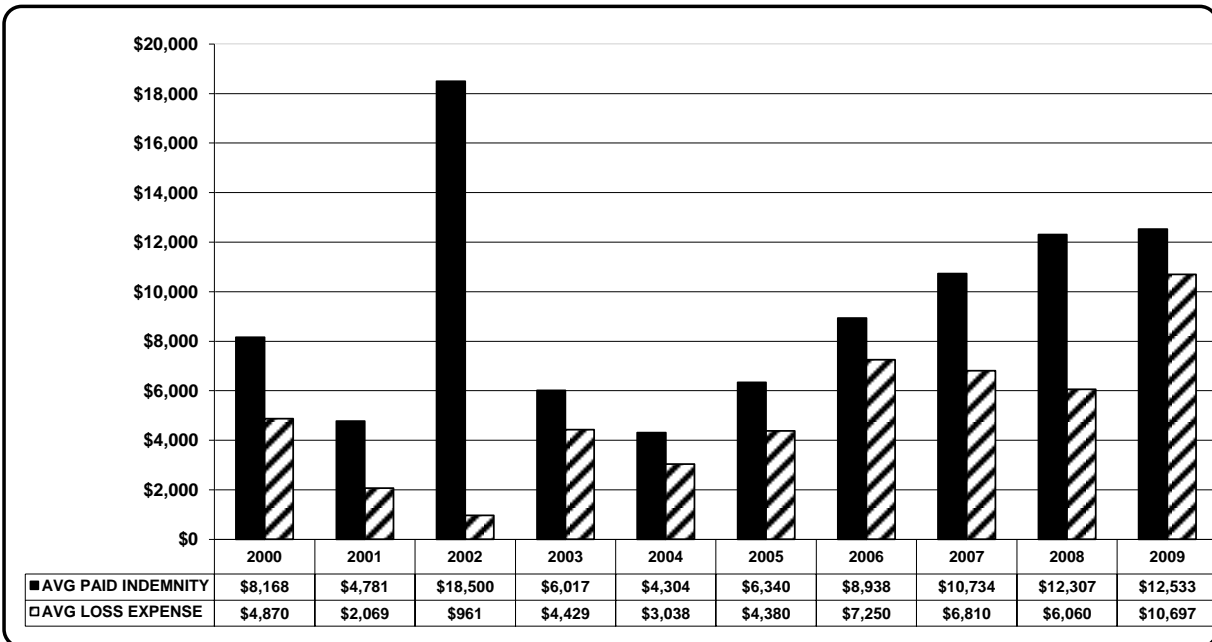
CLAIMS CLOSED IN 2009

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT	53	30	78.95%	\$12,533	\$376,001	83.74%	\$10,697
OTHER	23	4	10.53%	\$9,125	\$36,500	8.13%	\$8,206
FAILURE TO CORRECTLY COMPLETE FORMS	11	4	10.53%	\$9,125	\$36,500	8.13%	\$9,923
TOTAL	87	38	100.00%	\$11,816	\$449,001	100.00%	\$9,941

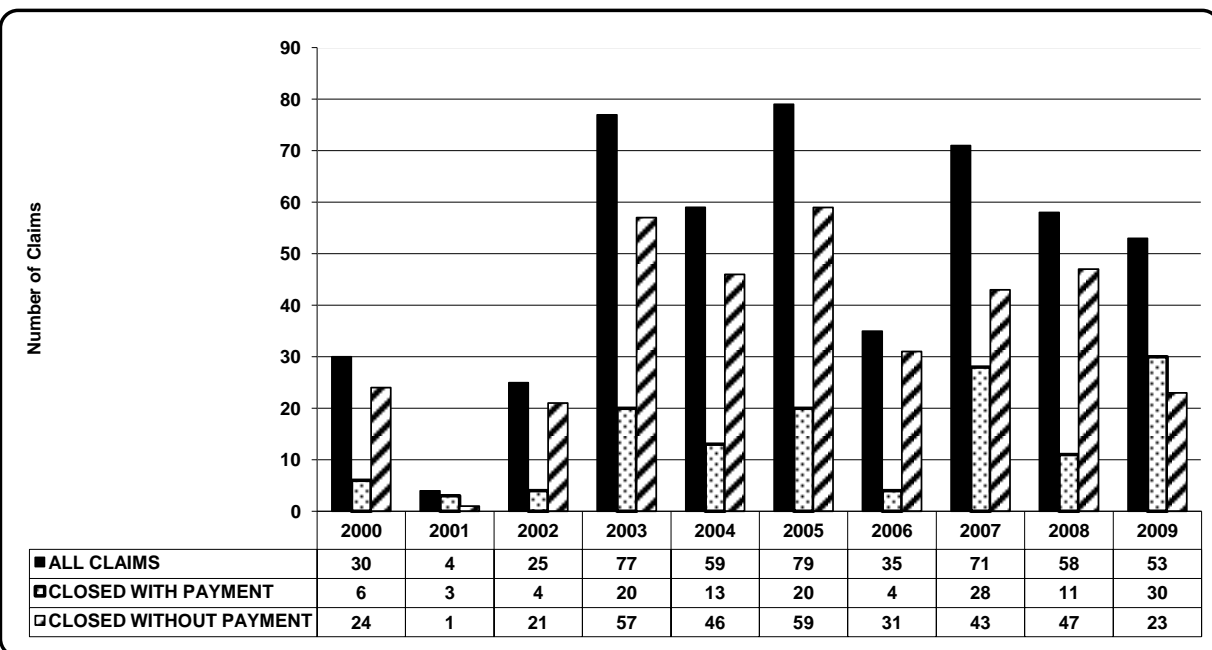
**ALLEGED ERROR OR OMISSION
TRENDS
OF
2009**

FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY

Average Paid Indemnity & Average Loss Expense

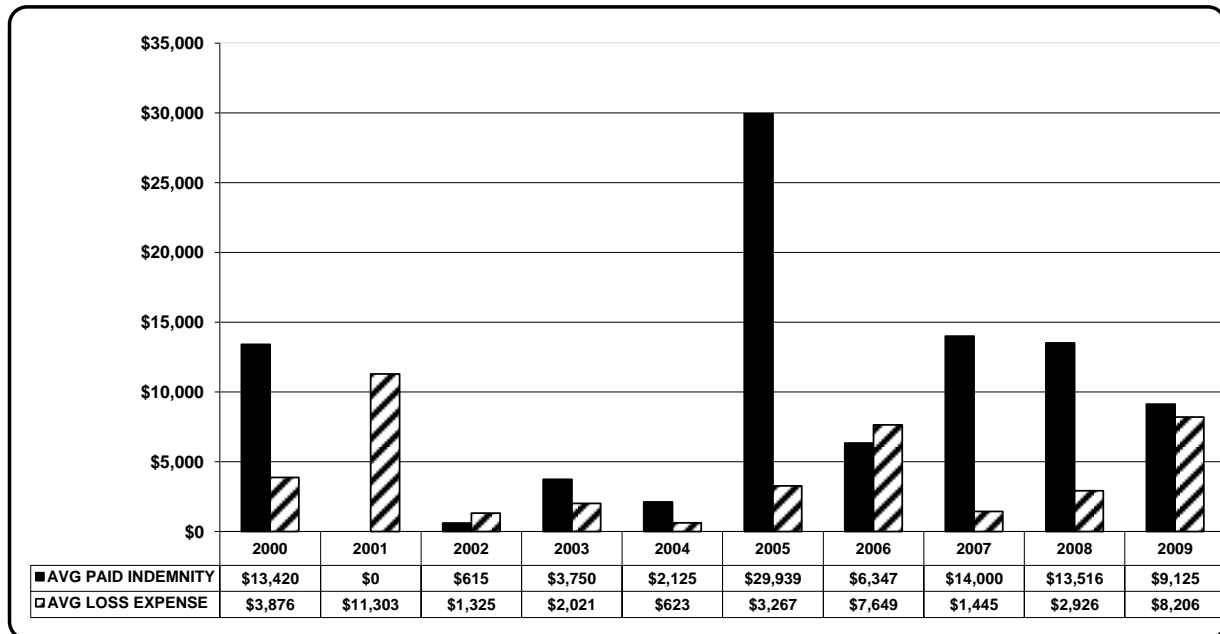


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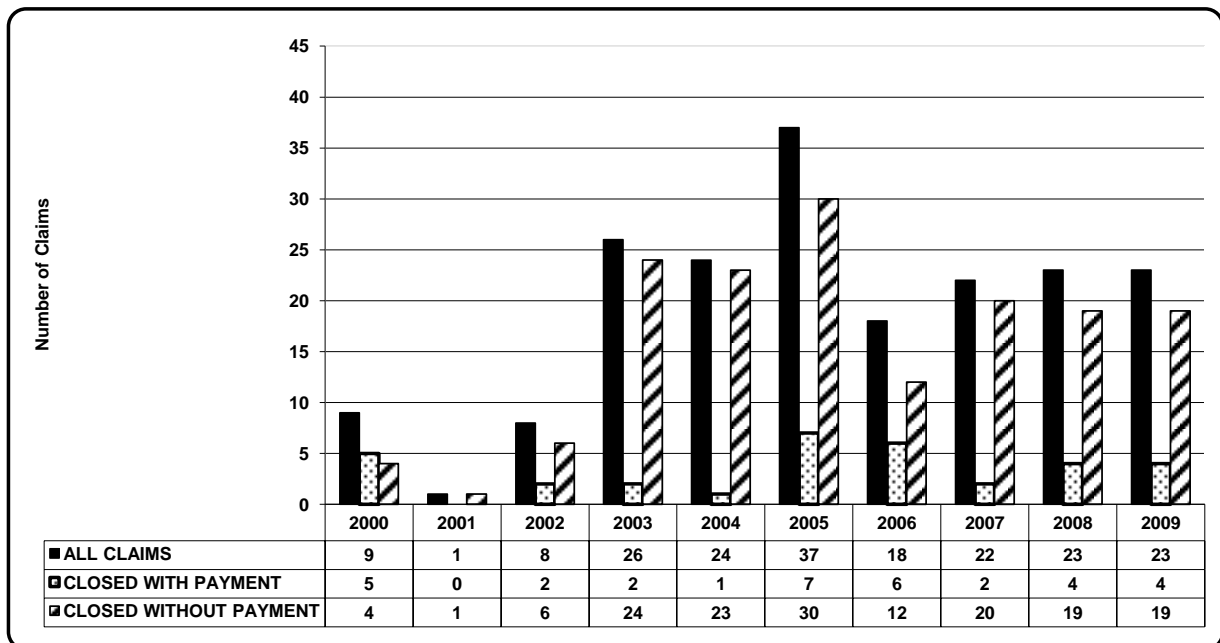


OTHER

Average Paid Indemnity & Average Loss Expense

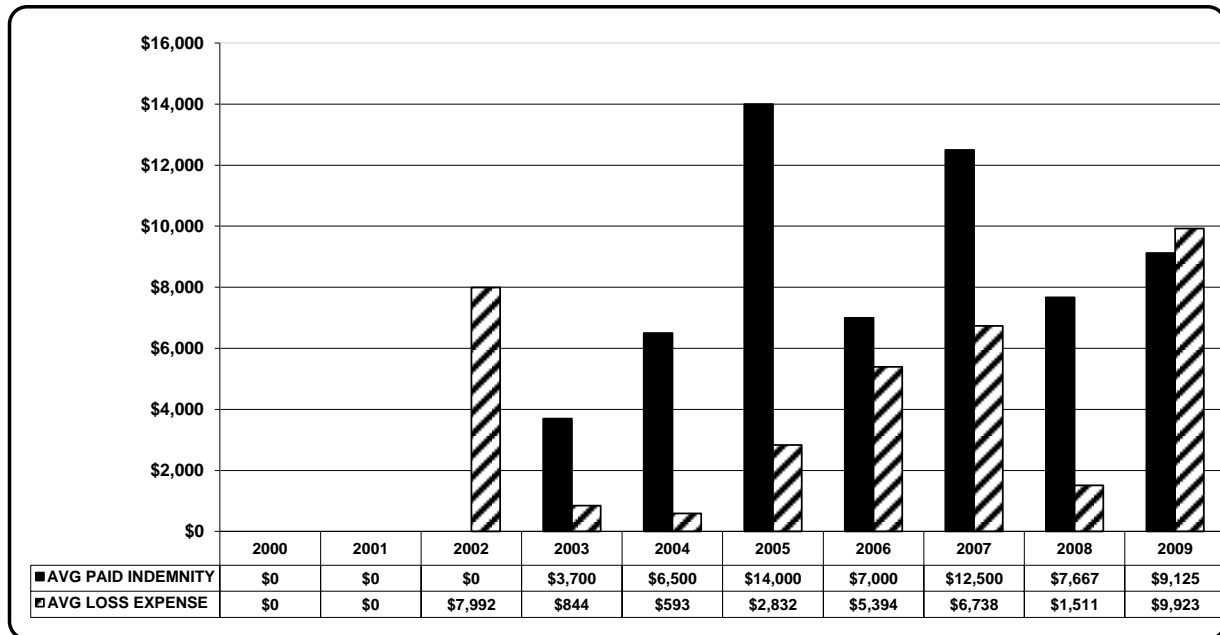


Claim Count

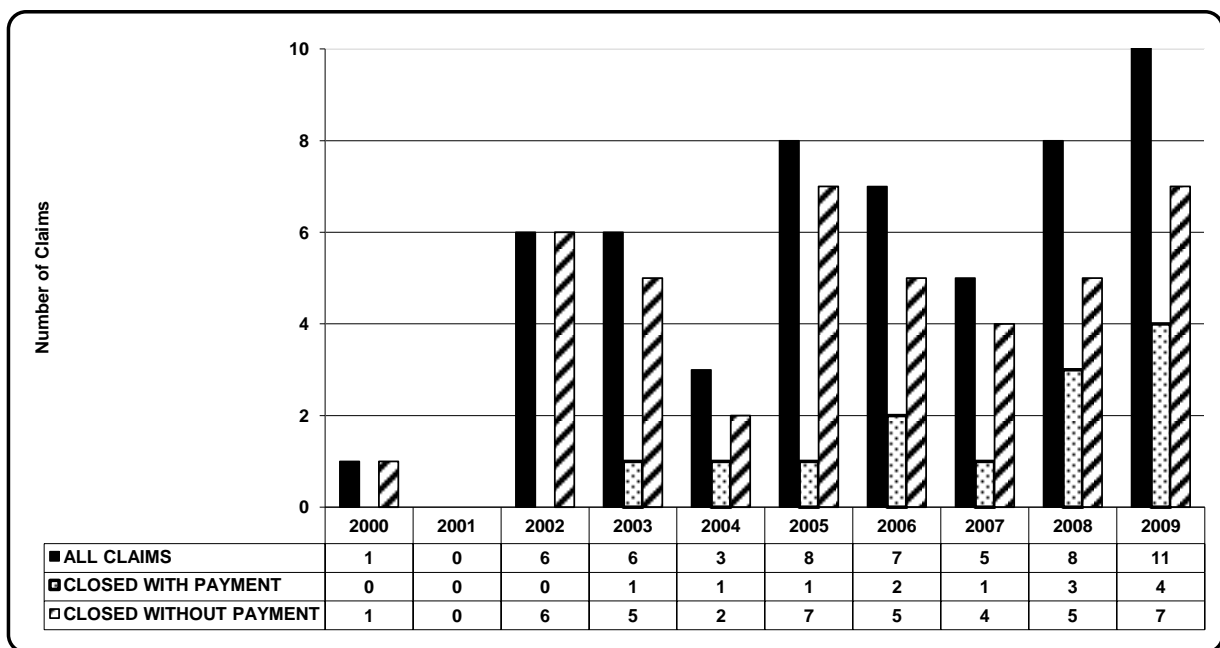


FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2009 SUMMARY
BY
CLAIM DISPOSITION**

REAL ESTATE MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

FOR YEARS 2000-2009

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	289	45	24.32%	\$8,423	\$379,035	20.57%	\$1,162
BEFORE TRIAL OR HEARING	270	133	71.89%	\$9,799	\$1,303,291	70.74%	\$10,327
CLAIM OR SUIT ABANDONED	133	0	0.00%	N/A	\$0	0.00%	\$498
AFTER JUDGMENT, BEFORE APPEAL	31	5	2.70%	\$24,931	\$124,657	6.77%	\$8,076
DURING TRIAL OR HEARING	8	1	0.54%	\$30,000	\$30,000	1.63%	\$5,546
AFTER APPEAL	3	0	0.00%	N/A	\$0	0.00%	\$34,917
DURING APPEAL	2	1	0.54%	\$5,500	\$5,500	0.30%	\$18,129
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	1	0	0.00%	N/A	\$0	0.00%	\$15,174
TOTAL	737	185	100.00%	\$9,959	\$1,842,483	100.00%	\$4,941

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

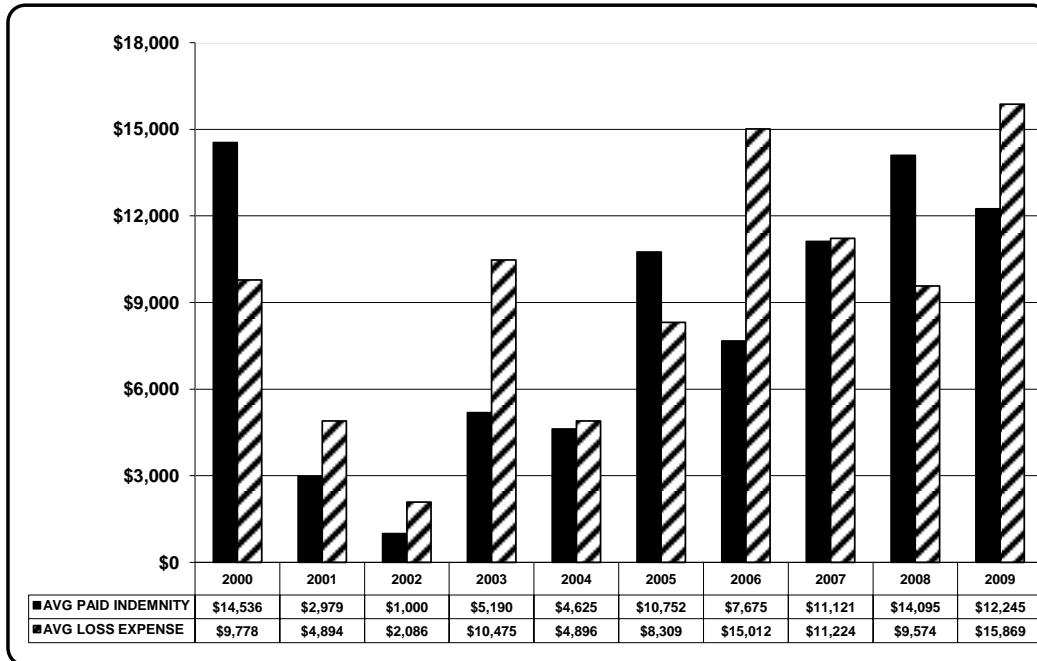
CLAIMS CLOSED IN 2009

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE TRIAL OR HEARING	39	28	73.68%	\$12,245	\$342,850	76.36%	\$15,869
BEFORE FILING SUIT OR DEMANDING HEARING	30	10	26.32%	\$10,615	\$106,151	23.64%	\$4,340
CLAIM OR SUIT ABANDONED	12	0	0.00%	N/A	\$0	0.00%	\$1,798
AFTER JUDGMENT, BEFORE APPEAL	3	0	0.00%	N/A	\$0	0.00%	\$2,879
AFTER APPEAL	2	0	0.00%	N/A	\$0	0.00%	\$35,190
DURING TRIAL OR HEARING	1	0	0.00%	N/A	\$0	0.00%	\$15,141
TOTAL	87	38	100.00%	\$11,816	\$449,001	100.00%	\$9,941

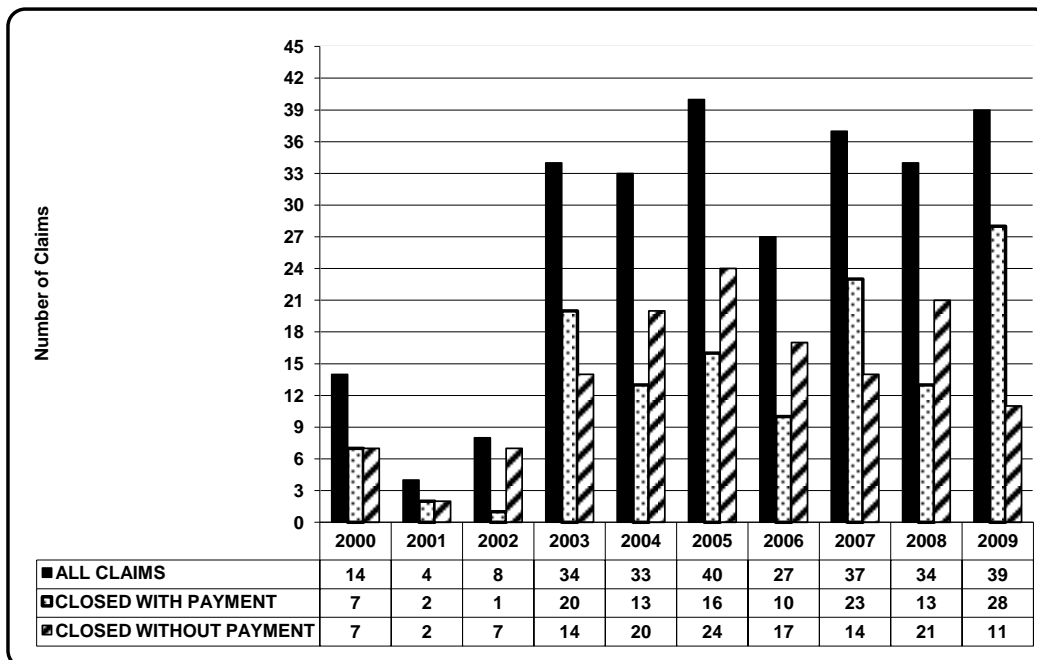
**CLAIM DISPOSITION
TRENDS
OF
2009**

BEFORE TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense

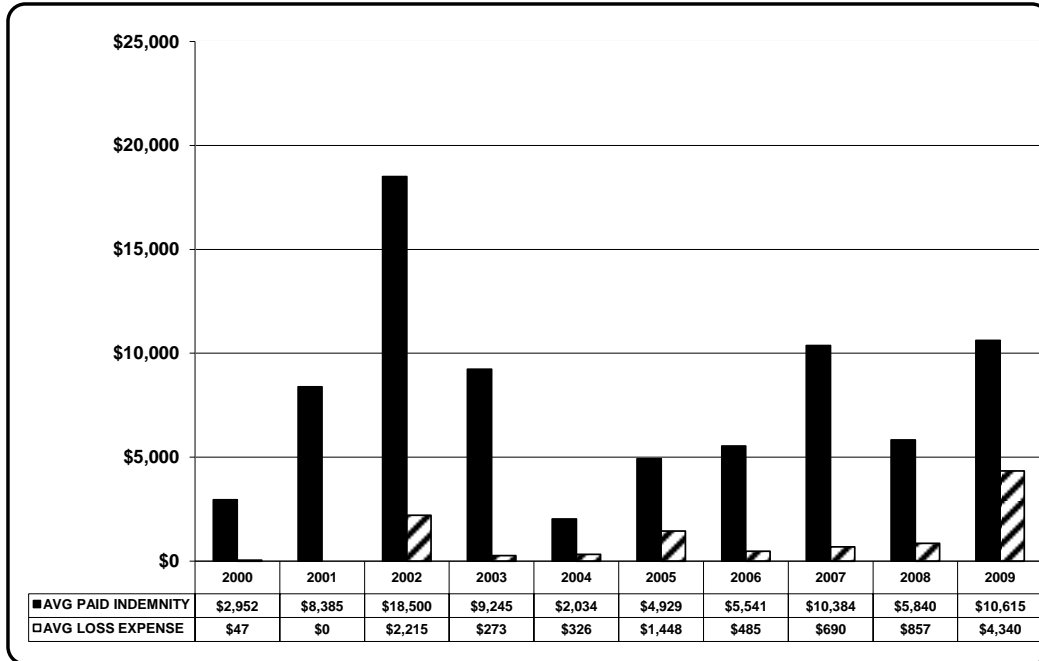


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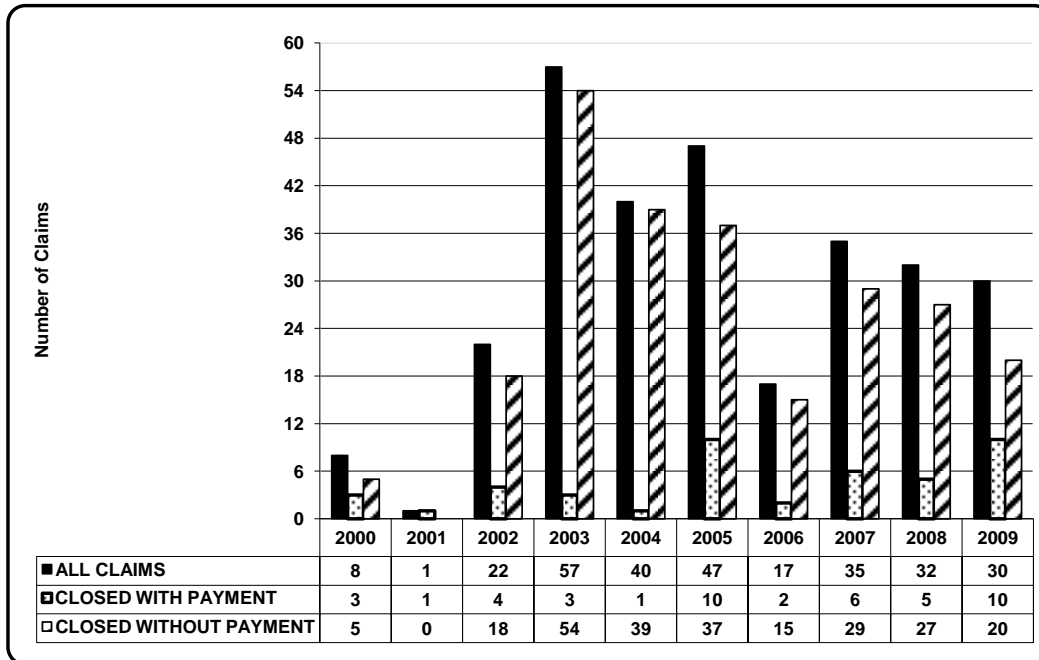


BEFORE FILING SUIT OR DEMANDING HEARING

Average Paid Indemnity & Average Loss Expense

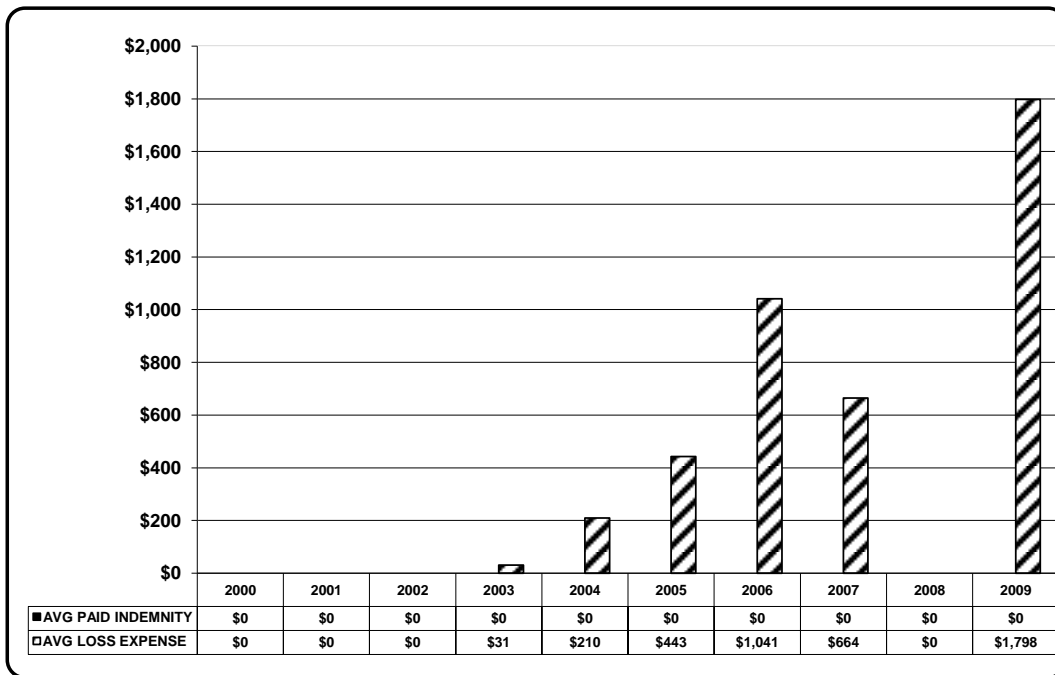


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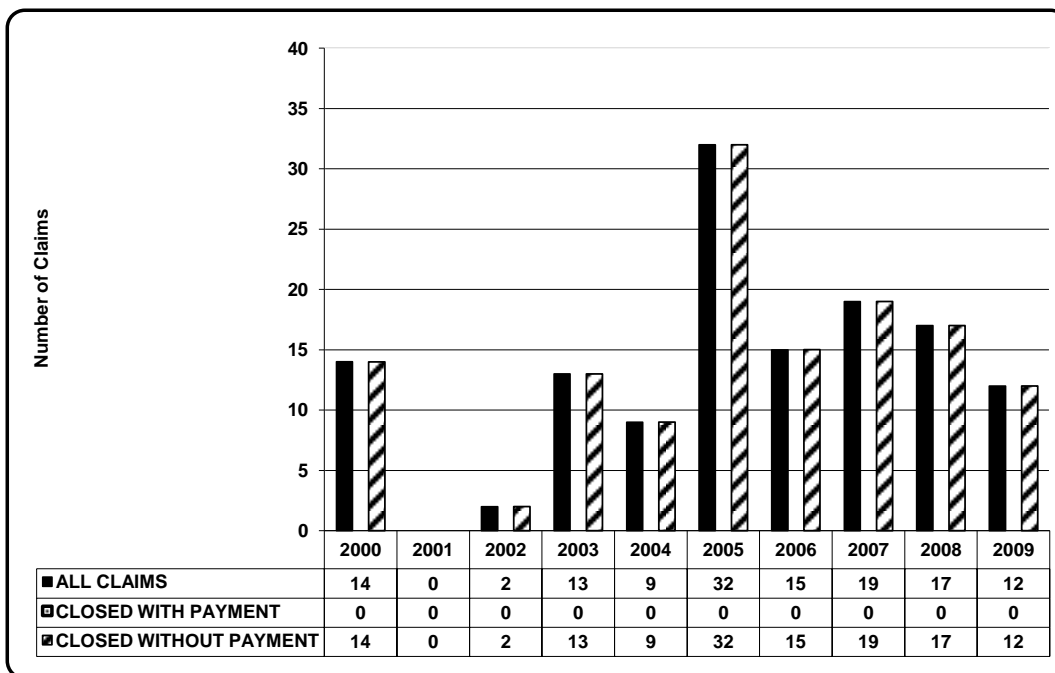


CLAIM OR SUIT ABANDONED

Average Paid Indemnity & Average Loss Expense

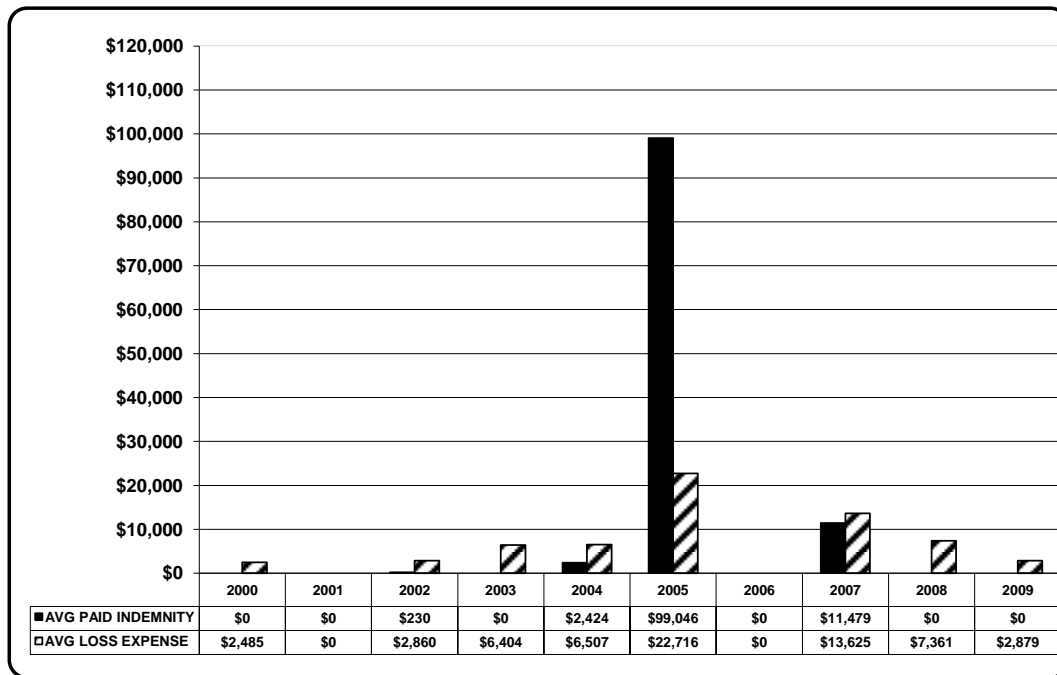


Claim Count

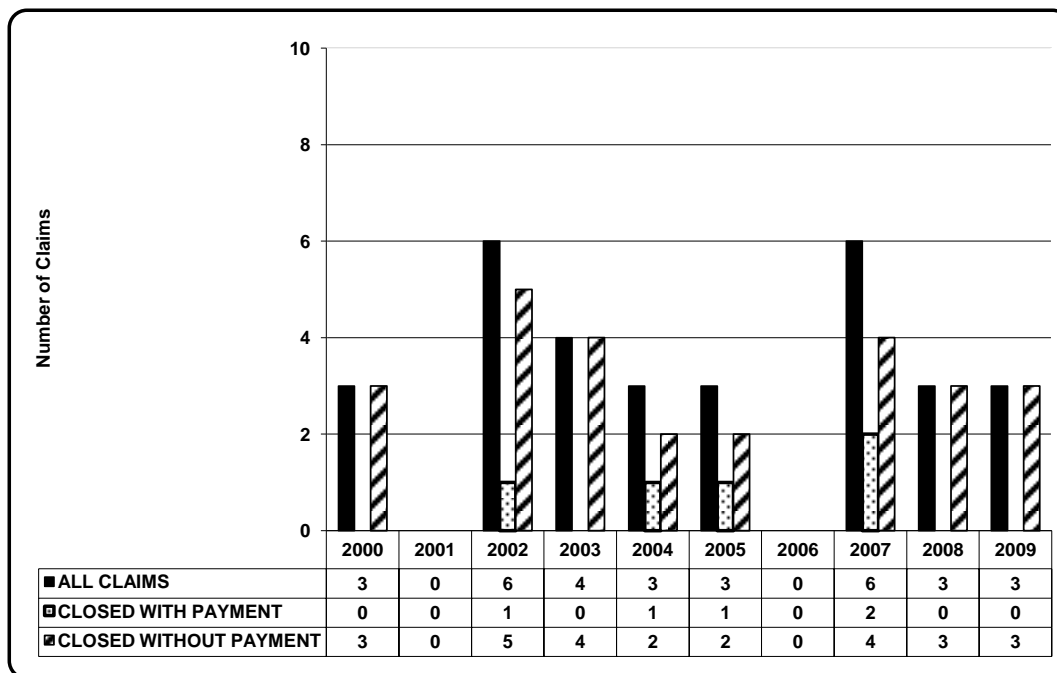


AFTER JUDGMENT, BEFORE APPEAL

Average Paid Indemnity & Average Loss Expense

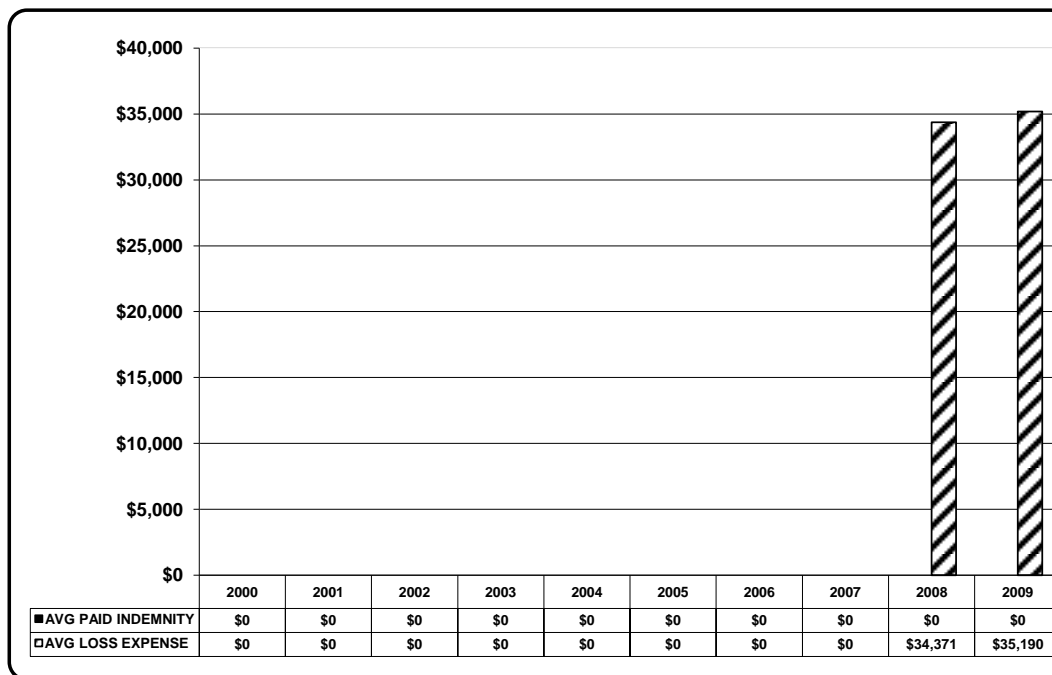


Claim Count

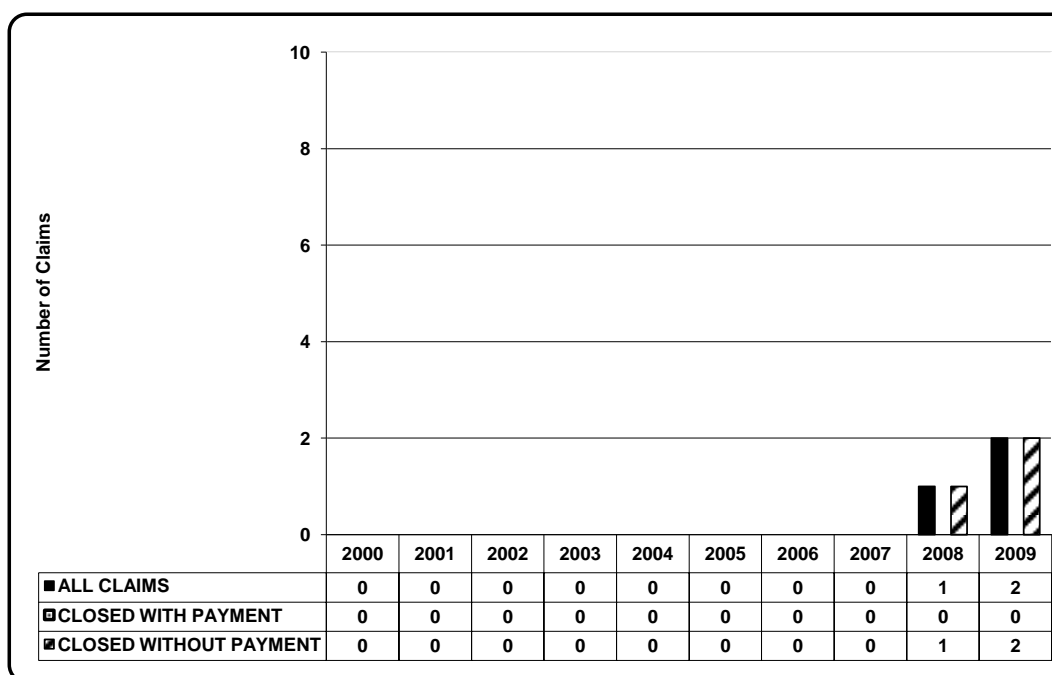


AFTER APPEAL

Average Paid Indemnity & Average Loss Expense

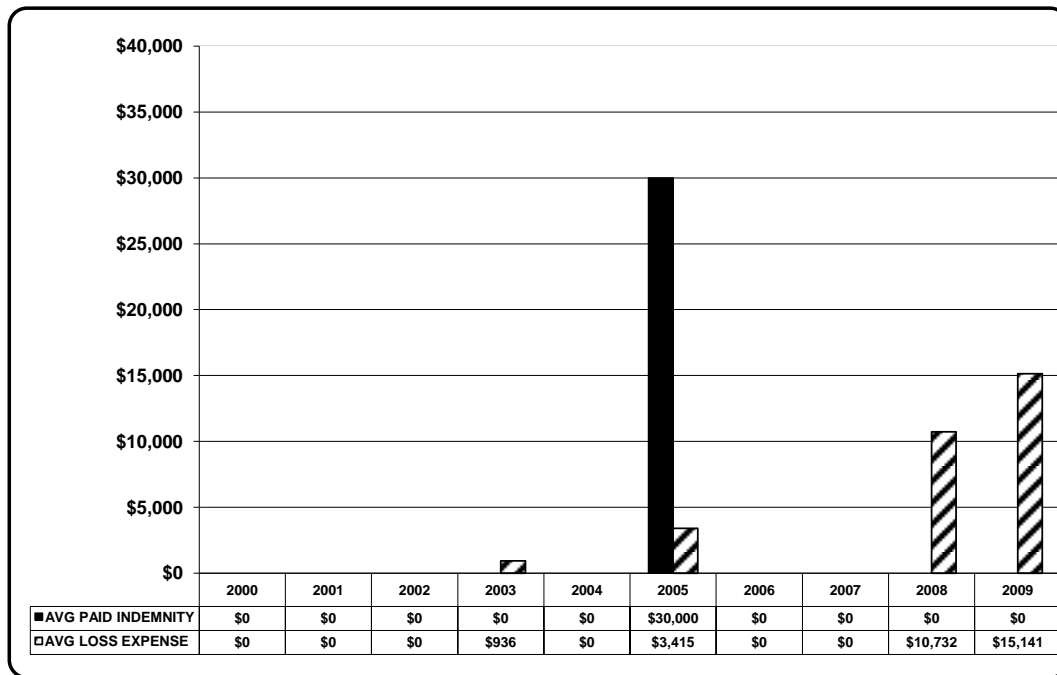


Claim Count

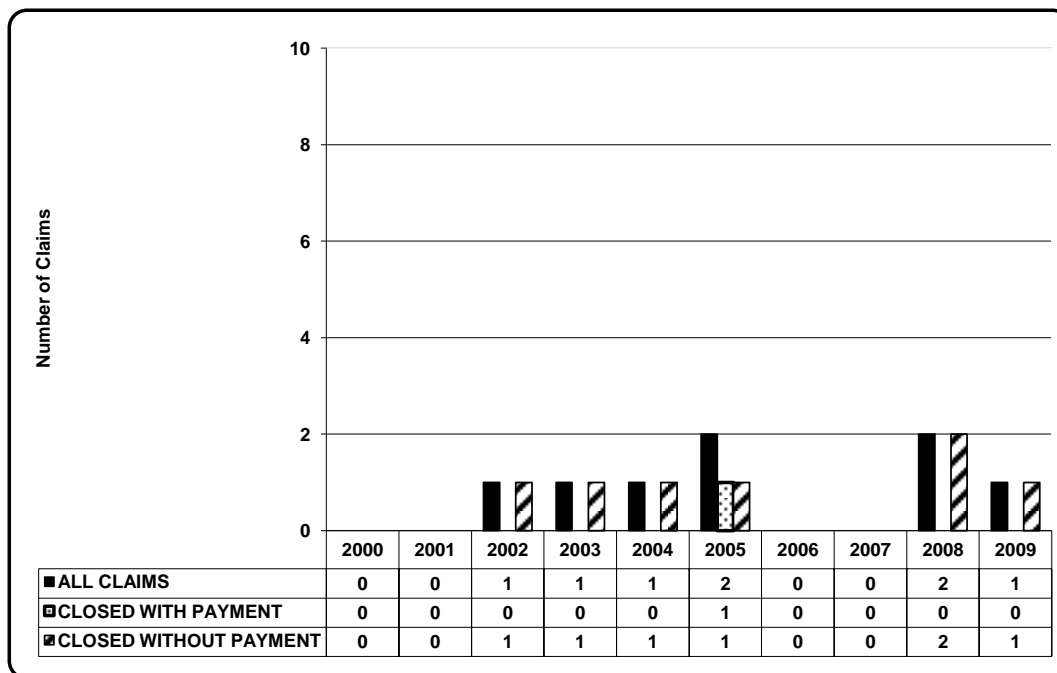


DURING TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2009 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**

REAL ESTATE MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

FOR YEARS 2000-2009

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	472	117	63.24%	\$10,301	\$1,205,216	65.41%	\$5,189
4 TO 10 YEARS	211	45	24.32%	\$9,753	\$438,874	23.82%	\$4,123
UNDER 4 YEARS	54	23	12.43%	\$8,626	\$198,393	10.77%	\$5,960
TOTAL	737	185	100.00%	\$9,959	\$1,842,483	100.00%	\$4,941

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

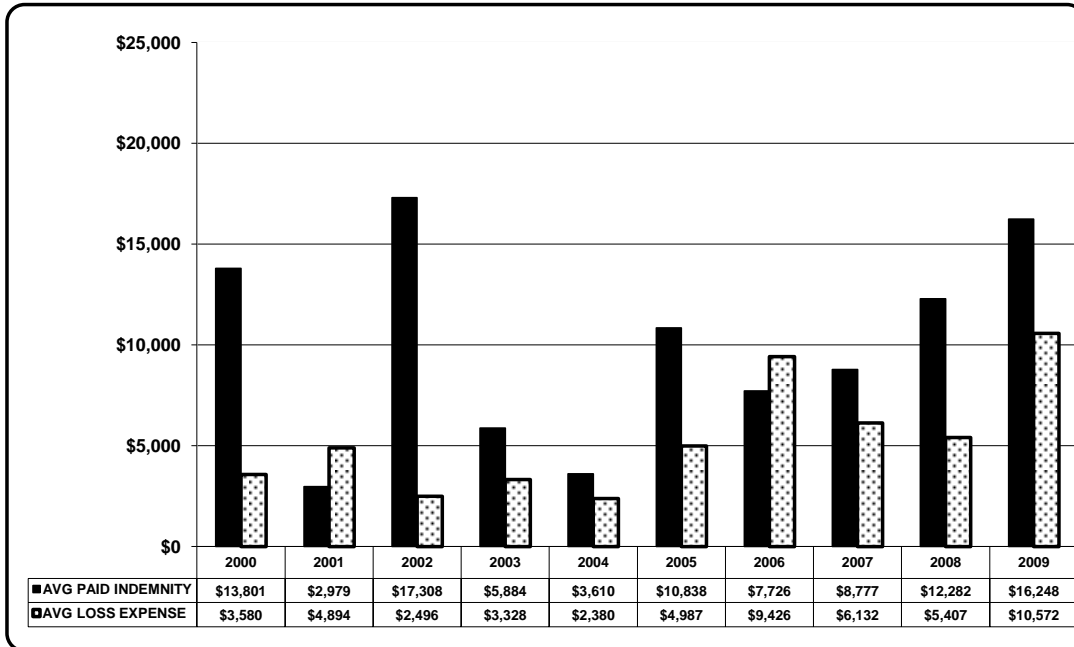
CLAIMS CLOSED IN 2009

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	47	20	52.63%	\$16,248	\$324,950	72.37%	\$10,572
4 TO 10 YEARS	35	14	36.84%	\$7,379	\$103,301	23.01%	\$7,834
UNDER 4 YEARS	5	4	10.53%	\$5,188	\$20,750	4.62%	\$18,763
TOTAL	87	38	100.00%	\$11,816	\$449,001	100.00%	\$9,941

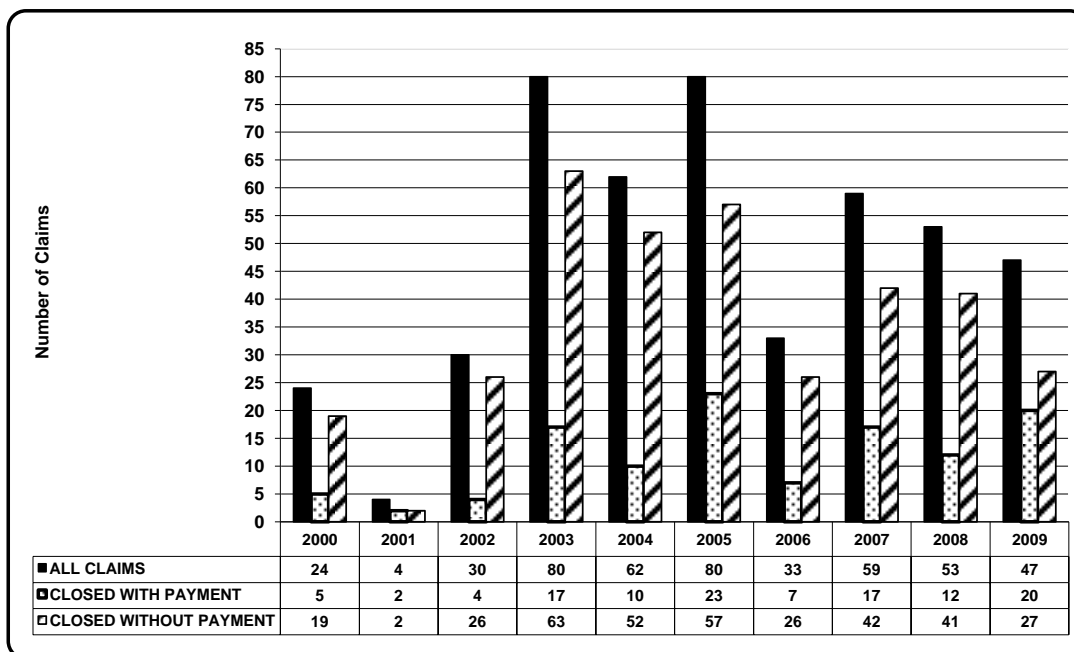
**YEARS ADMITTED TO PRACTICE
TRENDS
OF
2009**

OVER 10 YEARS

Average Paid Indemnity & Average Loss Expense

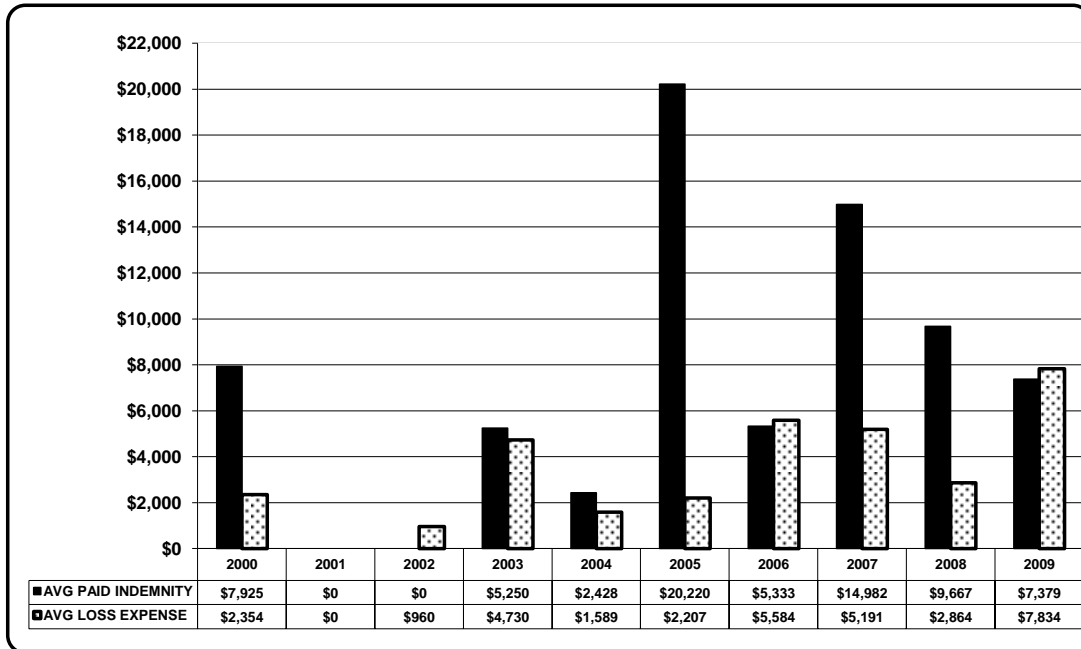


Claim Count

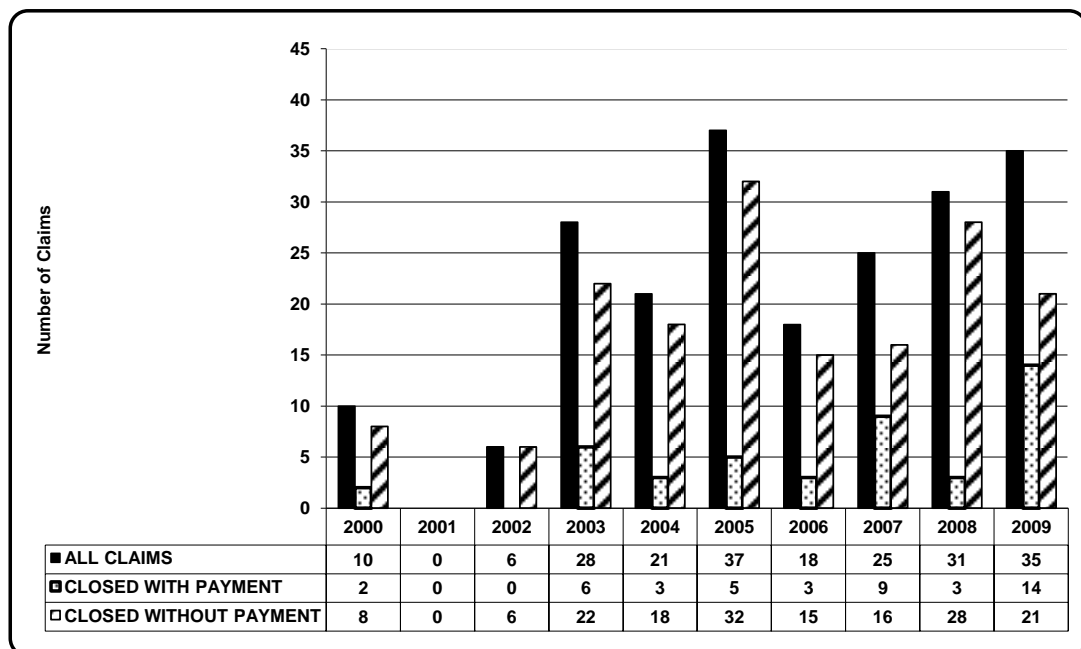


4 TO 10 YEARS

Average Paid Indemnity & Average Loss Expense

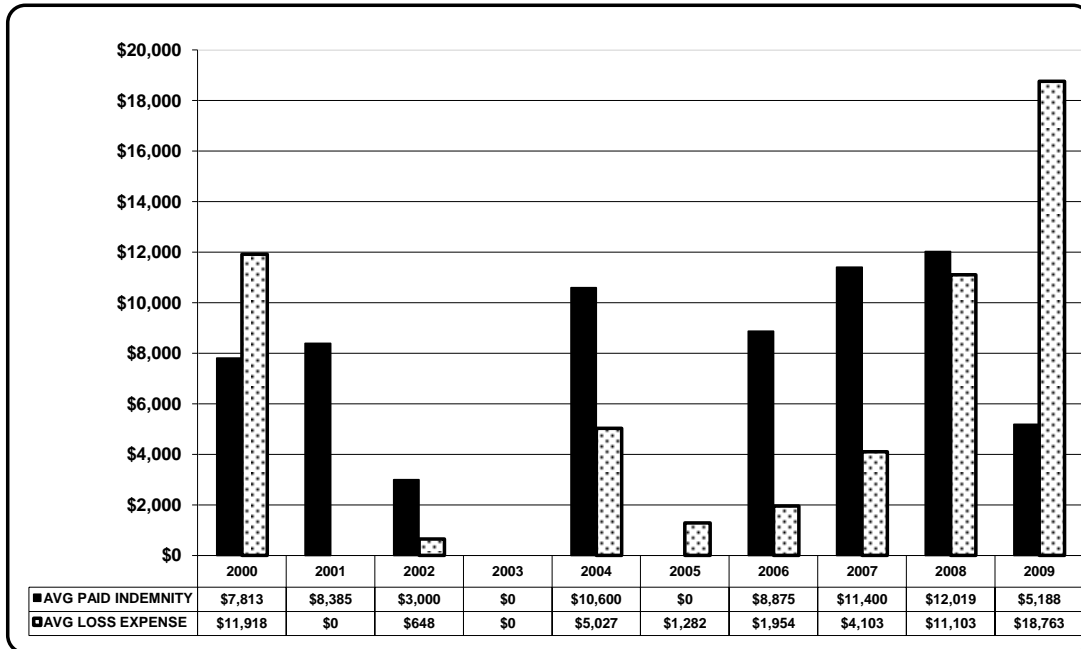


Claim Count

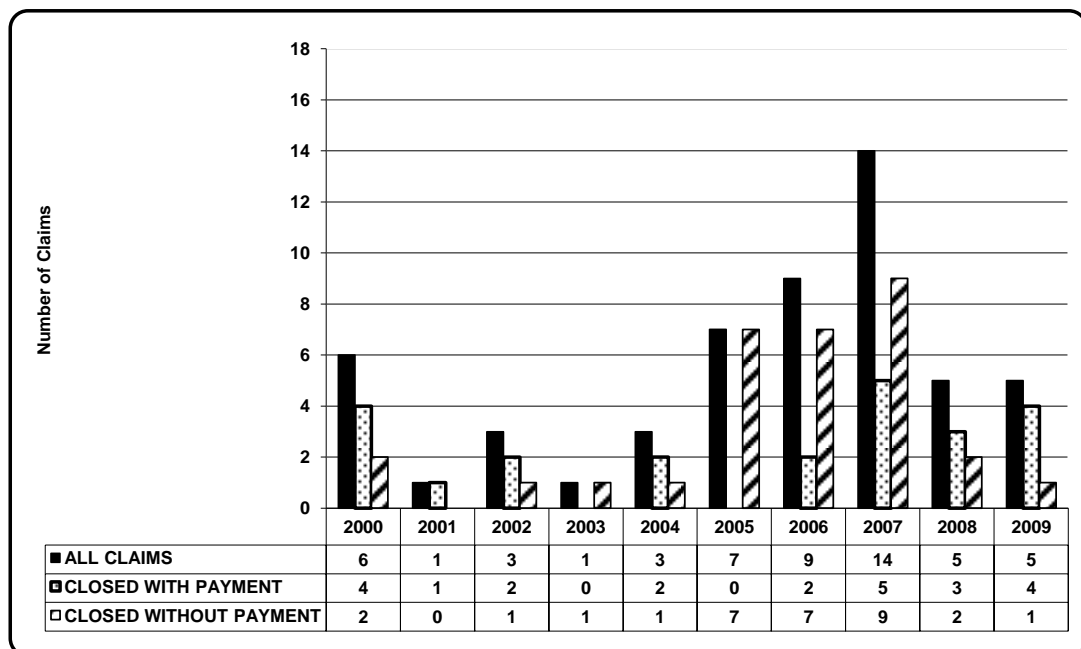


UNDER 4 YEARS

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2009 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 2000-2009

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIM	422	96	51.89%	\$9,557	\$917,451	49.79%	\$4,342
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	315	89	48.11%	\$10,394	\$925,032	50.21%	\$5,742
TOTAL	737	185	100.00%	\$9,959	\$1,842,483	100.00%	\$4,941

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

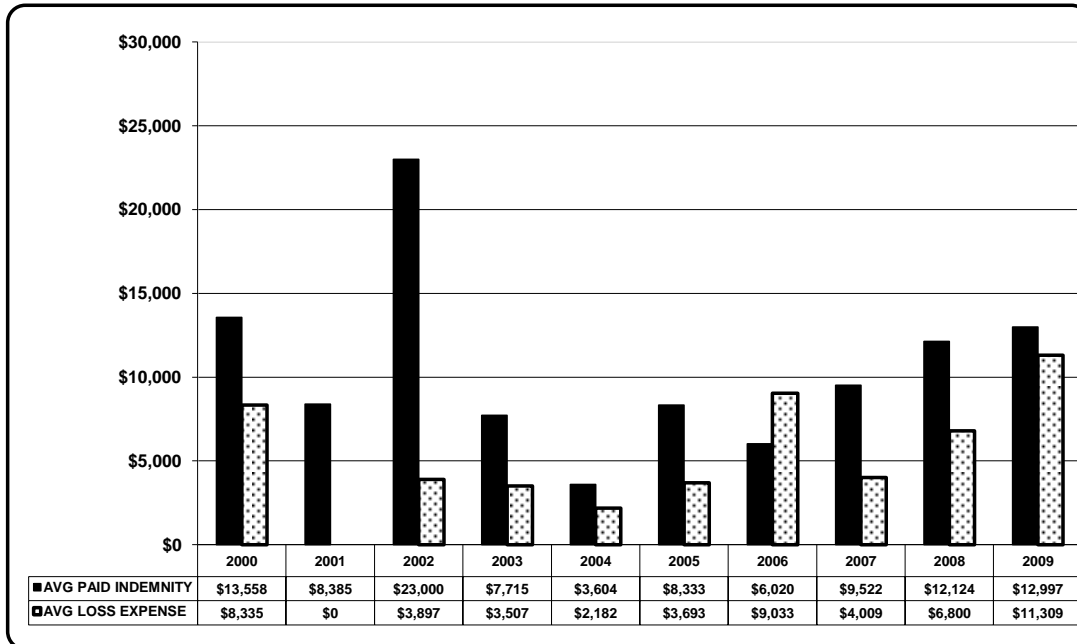
CLAIMS CLOSED IN 2009

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	49	23	60.53%	\$12,997	\$298,925	66.58%	\$11,309
NON-CONTRACTUAL RELATIONSHIP WITH CLAIM	38	15	39.47%	\$10,005	\$150,076	33.42%	\$8,177
TOTAL	87	38	100.00%	\$11,816	\$449,001	100.00%	\$9,941

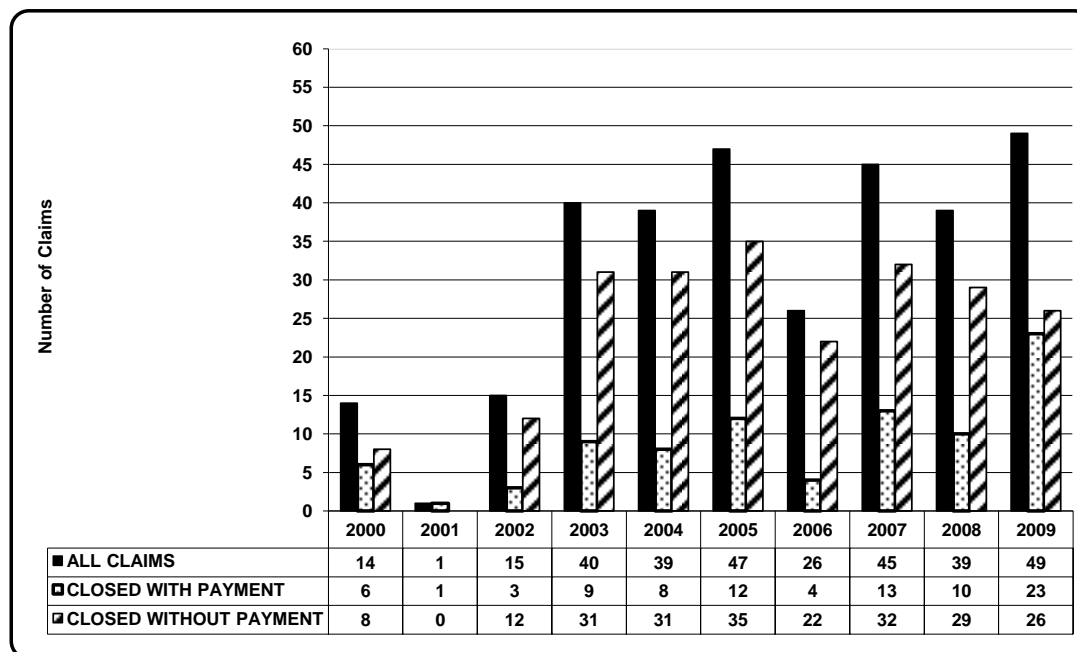
**INSURED/CLAIMANT RELATIONSHIP
TRENDS
OF
2009**

CONTRACTUAL RELATIONSHIP WITH CLAIMANT

Average Paid Indemnity & Average Loss Expense

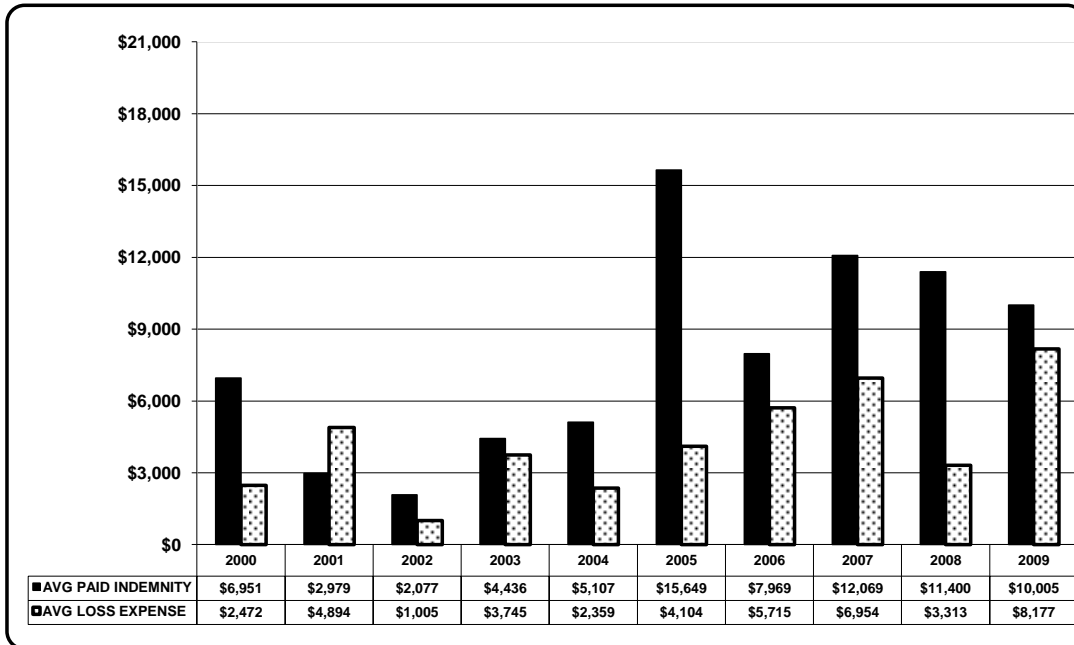


Claim Count

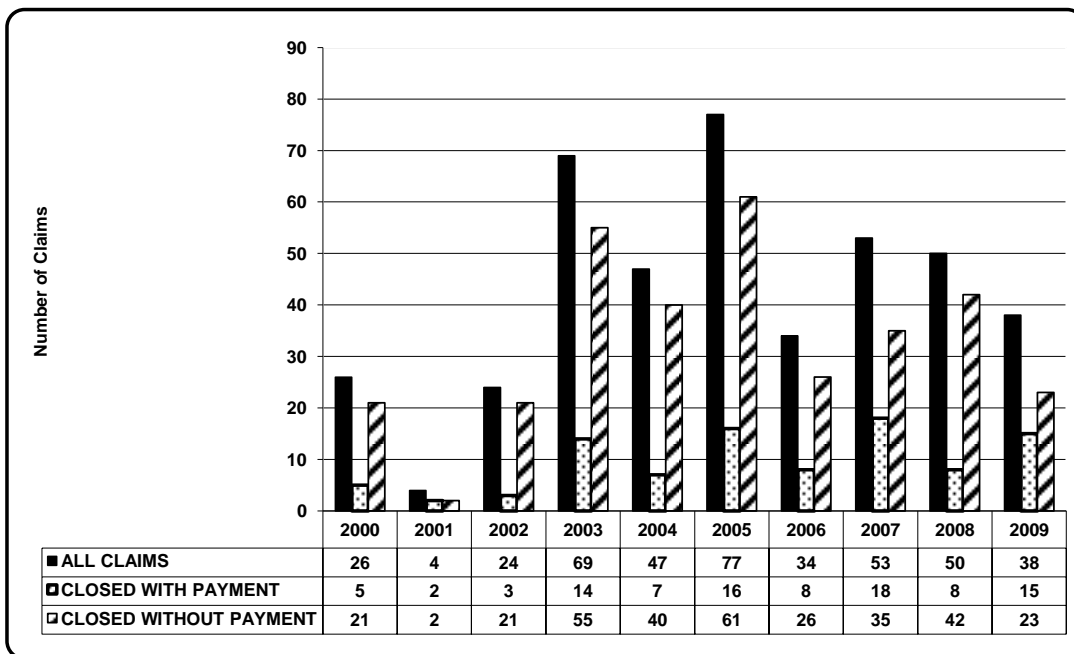


NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT

Average Paid Indemnity & Average Loss Expense



Claim Count



**PREMIUM
AND
LOSS DATA**

PAGE 19 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE

WITH MARKET SHARE

2009 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Losses Paid	Incurred Losses	Loss Ratio
20443	CONTINENTAL CASUALTY COMPANY	62.82%	\$1,069,783	\$1,122,600	\$684,034	-\$199,715	-17.79%
11967	GENERAL STAR NATIONAL INS CO	18.55%	\$315,924	\$303,370	\$49,775	-\$108,445	-35.75%
22322	GREENWICH INSURANCE COMPANY	6.37%	\$108,522	\$116,947	\$0	\$120,447	102.99%
29459	TWIN CITY FIRE INSURANCE COMPANY	5.88%	\$100,208	\$120,045	\$12,000	\$11,996	9.99%
25895	UNITED STATES LIABILITY INSURANCE COM	3.82%	\$65,051	\$74,024	\$64,000	\$85,663	115.72%
24767	ST PAUL FIRE & MARINE INSURANCE COMP ^A	1.43%	\$24,267	\$200,552	\$48,563	\$214,456	106.93%
35408	DELOS INSURANCE COMPANY	1.13%	\$19,171	\$16,427	\$0	\$1,925	11.72%
TOTAL		100.00%	\$1,702,926	\$1,953,965	\$858,372	\$126,327	6.47%

PAGE 19 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE

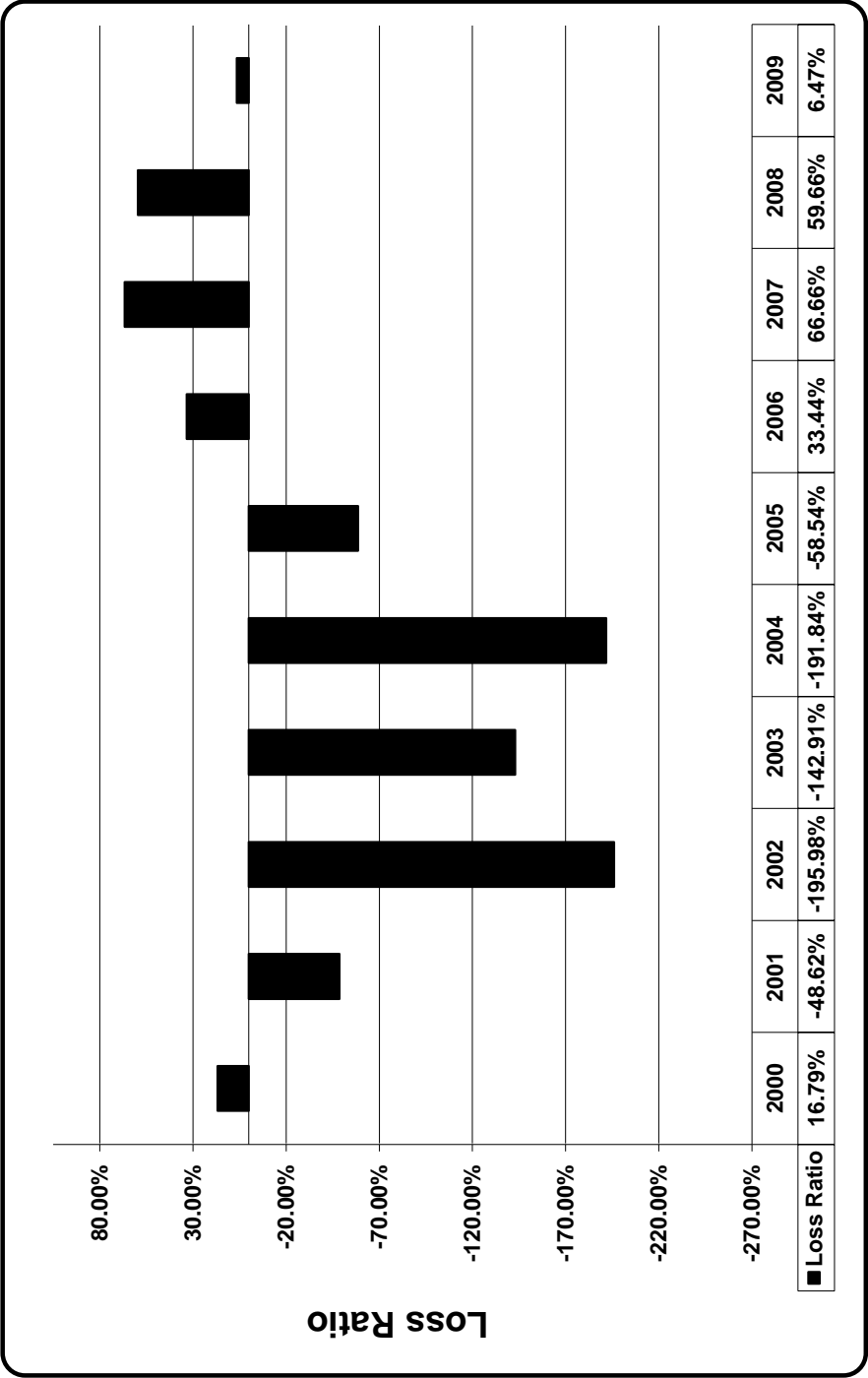
TEN YEAR SUMMARY

Year	Direct Written Premium	Direct Earned Premium	Direct Losses Incurred	Direct Defense & Cost Containment Expense	Loss Ratio	Defense Costs	Losses Plus Defense Costs
2000	\$28,987,360	\$18,322,617	\$3,075,688	-\$2,548,266	16.79%	-13.91%	2.88%
2001	\$627,684	-\$274,156	\$133,283	\$184,549	-48.62%	-67.32%	-115.93%
2002	\$1,106,459	-\$86,912	\$170,332	\$103,499	-195.98%	-119.08%	-315.07%
2003	\$1,502,753	-\$545,691	\$779,853	\$398,228	-142.91%	-72.98%	-215.89%
2004	\$2,195,145	-\$537,235	\$1,030,640	\$461,071	-191.84%	-85.82%	-277.66%
2005	-\$875,718	-\$905,386	\$530,005	-\$98,836	-58.54%	10.92%	-47.62%
2006	\$2,221,705	\$2,361,731	\$789,714	\$740,916	33.44%	31.37%	64.81%
2007	\$2,581,948	\$1,984,075	\$1,322,615	\$666,471	66.66%	33.59%	100.25%
2008	\$1,857,153	\$1,845,056	\$1,100,820	\$1,086,019	59.66%	58.86%	118.52%
2009	\$1,702,926	\$1,953,965	\$126,327	\$723,866	6.47%	37.05%	43.51%
5 Year Average	\$7,488,014	\$7,239,441	\$3,869,481	\$3,118,436	53.45%	43.08%	96.53%
10 Year Average	\$41,907,415	\$24,118,064	\$9,059,277	\$1,717,517	37.56%	7.12%	44.68%

PAGE 19 SUPPLEMENT

REAL ESTATE MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY



DEFINITION OF TERMS

Market Share: The dollar amount of direct premium written by an insurer divided by the total amount of direct premiums written industry-wide for the particular line of business being analyzed, expressed as a percentage.

Written Premium: Amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Earned Premium: The part of premium attributable to the coverage already provided, in a given period, before reinsurance has been ceded and/or assumed.

Incurred Losses: The sum of direct losses paid, plus an estimate at the close of the year of the amounts to be paid in the future, for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

Indemnity Paid: The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

Loss Adjustment Expenses: The cost involved in an insurance companies adjustment of losses under a policy.

Insurance Consumer Hotline

Contact DIFP's Insurance Consumer Hotline
if you have questions about your insurance policy
or to file a complaint against an
insurance company or agent:

difp.mo.gov

800-726-7390



DIFP

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Financial Institutions &
Professional Registration

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JULY 2010